

New Zealand Accounting Standards Board

**Minutes of the Meeting held via videoconference on Thursday 7 May 2020
commencing at 9.15am**

- Members present:** Kimberley Crook
Nives Botica-Redmayne
Francis Caetano
Charles Hett
Karl Hickey
Denise Hodgkins
Keith Kendall (until 2.50 pm)
Angela Ryan
Richard Smyth
Jason Stinchcombe
- Apologies:** Lyn Hunt (on leave of absence)
Keith Kendall (from 2.50 pm)
- Guest:** Sylvia van Dyk – Director, Auditing and Assurance Standards, XRB (agenda item 11)
- Observers:** Nicola Hankinson – Baker Tilly Staples Rodway
Masood Mehmood – Baker Tilly Staples Rodway
Zowie Pateman – Deputy Leader – Reporting and Assurance, Chartered Accountants Australia and New Zealand
Gerrie Burger – Senior Policy Advocate, Chartered Accountants Australia and New Zealand
AASB staff observed the following agenda items:
Fridrich Housa – all items
James Barden (agenda items 3, 4 and 6)
Patricia Au (agenda item 5)
Kathy Xu (agenda items 4, 5, 6 and 8)
Kimberley Carney (agenda item 7)
Meina Rose (agenda item 8)
- In attendance:** April Mackenzie – Chief Executive (in part)
Anthony Heffernan – Director, Accounting Standards
David Bassett – Deputy Director, Accounting Standards
Jamie Cattell – Project Manager, Accounting Standards
Tracey Crookston – Project Manager, Accounting Standards
Lisa Kelsey – Senior Project Manager, Accounting Standards
Judith Pinny – Project Manager, Accounting Standards
Joanne Scott – Senior Project Manager, Accounting Standards
Vanessa Sealy-Fisher – Senior Project Manager, Accounting Standards
Gali Slyuzberg – Project Manager, Accounting Standards

4. OPTIONS FOR RELIEF FROM PBE FRS 48

The Board considered two options for relief from PBE FRS 48 *Service Performance Reporting* which is due to come into effect from 1 January 2020. The options were to:

- (a) grant relief from comparative information requirements in the first year that the standard is effective; or
- (b) defer the effective date for a year (from 1 January 2020 to 1 January 2021).

The agenda papers illustrated the proposed amendments under each option (agenda items 4.2 and 4.3).

The Board AGREED to propose to defer the effective date of PBE FRS 48 by a year and APPROVED the ITC and ED set out in agenda item 4.3 for issue. Comments will be due by 10 August 2020. The standard would remain available for early adoption.

The Board stressed its ongoing support for the objective of the standard (being to establish principles and requirements for an entity to present service performance information that is useful for accountability and decision-making purposes) and the importance of service performance information for users. In proposing to defer the effective date of the standard the Board was motivated by a desire to provide affected PBEs with more time, in the current circumstances, to successfully implement the standard and meet this objective. The Board was concerned that COVID-19-related difficulties could prevent entities from doing so. The Board requested that communications about the ED reflect these views.

5. IPSASB REVENUE AND EXPENSES

The Board continued its consideration of IPSASB ED 70 *Revenue with Performance Obligations* and ED 71 *Revenue without Performance Obligations*.

The Board considered the proposals in ED 70 and ED 71 in relation to receivables and binding arrangement assets. The Board noted that the relationship between the scope sections in these EDs and the scope of IPSAS 41 *Financial Instruments* is not clear and agreed that its response to ED 71 SMC 5 should reflect the concerns outlined in agenda item 5.1.

At a previous meeting the Board discussed the IPSASB's rationale for ED 71's proposals for deferring revenue. The Board was not convinced by this rationale. At this meeting the Board considered examples illustrating the application of ED 71. The Board expressed concerns about whether the proposals were sufficiently clear and principled to lead to consistent application. In particular, the Board noted the difficulty of determining what qualifies as a 'specified activity' or 'eligible expenditure' and the distinction between the two.

The Board noted that future discussion will be informed by constituents' views about the practical application of these proposals compared to PBE IPSAS 23 *Revenue from Non-Exchange Transactions*.

6. TIER 3 AND TIER 4 PIR

The Board PROVIDED FEEDBACK on a draft Request for Information for the Post Implementation Review of the Tier 3 and Tier 4 Simple Format Reporting Standards (RFI) which is scheduled for later this year. The Board AGREED staff should seek feedback on the draft RFI from key stakeholders. For a number of reasons, the Board expressed a preference for not listing issues in the document. However, the Board agreed that the list of issues in Table 4 of agenda item 6.2 could be useful in discussions with key stakeholders and subsequent outreach.

The Board noted that COVID-19 could affect the timing of the project and suggested that staff seek feedback from key stakeholders about this. This will be considered by the Board later in the year (most likely in September).

The Board will approve the RFI for issue at a future meeting.

7. GOODWILL AND IMPAIRMENT

The Board began its consideration of IASB DP/2020/1 *Business Combinations—Disclosures, Goodwill and Impairment*. The Board plans to comment on the DP. Comments are due by 31 December 2020.

The Board:

- (a) AGREED on the general approach to developing a comment letter to the IASB;
- (b) PROVIDED FEEDBACK on the updated project plan; and
- (c) PROVIDED FEEDBACK on sections 3-5 of the DP.

The Board will provide feedback on the remaining sections of the DP at a future meeting.

8. FOR-PROFIT RDR

The Board CONSIDERED whether it should commence a project to align the disclosure requirements for Tier 2 for-profit entities with the new disclosure requirements recently issued by the AASB in AASB 1060 *General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities*.

In considering this matter, the Board noted that the IASB has an active project on disclosure requirements of subsidiaries that are SMEs, which has similarities with both AASB 1060 and NZ IFRS RDR. The Board AGREED to wait for the IASB to develop and issue an ED for its project and then consider this matter further, subject to seeking feedback on this approach from the XRB Board.

9. STANDARDS APPROVED

The Board NOTED that *Classification of Liabilities as Current or Non-current*, which amends NZ IAS 1 *Presentation of Financial Statements* has been issued.

The Board moved into non-public session.