

New Zealand Accounting Standards Board

**Minutes of the meeting held in Auckland on Thursday, 13 June 2024,
which commenced at 9.00 am**

Members Present:	Carolyn Cordery (Chair) Michael Bradbury (Deputy Chair) Francis Caetano Keith Kendall Richard Perry Lara Truman Richard Smyth Jason Stinchcombe Warwick White
Apologies:	None
Guests:	None
Observers:	John Ngiam, CAANZ (agenda items 3, 4 and 6) Clyde D'Souza, D'Souza Associates (agenda item 5) <i>AASB staff:</i> Fridrich Housa (agenda items 2 and 7–10) Charis Halliday (agenda items 4 and 10) Patricia Au (agenda items 7–9) Lan Lu (agenda items 2, 3 and 5)
In attendance:	April Mackenzie – Chief Executive (agenda items 1–2 and 8–11) Michelle Lombaard – Director, Accounting Standards (all agenda items) Carly Berry – Project Manager, Accounting Standards (agenda items 3 and 8–10) Tereza Bublikova – Project Manager, Accounting Standards (agenda items 2.2–4) Jamie Cattell – Project Manager, Accounting Standards (agenda items 5–11) Gali Slyuzberg – Senior Project Manager, Accounting Standards (agenda items 1A–11) Alex Stainer – Project Manager, Accounting Standards (agenda items 4, 6 and 10–11) Leana Van Heerden – Senior Project Manager, Accounting Standards (agenda items 1A–11) Dawn Bowden – General Manager, Corporate Services (agenda items 1A–2 and 8–11)

3) Tier 2 for-profit consultation

The Board CONSIDERED staff's detailed analysis of the comparison between the disclosure requirements in IFRS 19 *Subsidiaries without Public Accountability: Disclosures* and the current disclosure requirements for Tier 2 for-profit entities ('current RDR').

The analysis indicated that, while many disclosure requirements in IFRS 19 are similar to those in current RDR, IFRS 19 includes several additional requirements – including ones relating to financial instruments and impairment – where it is not clear that the benefits of the disclosures would justify the additional costs of providing the disclosure for Tier 2 for-profit entities in New Zealand.

In light of this analysis, the Board reconsidered its decision from the March 2024 meeting to consult on a proposal to replace current RDR with a New Zealand equivalent to IFRS 19 with an expanded scope. The Board decided *not* to proceed with this approach, noting that for New Zealand stakeholders, the costs are unlikely to outweigh the benefits at this time.

The Board AGREED:

- (a) to retain current RDR for Tier 2 for-profit entities at this time;
- (b) to develop a formal policy for determining Tier 2 RDR concessions, where consideration of IFRS 19 disclosure requirements would be one of the inputs – with staff to bring proposals on this to a future meeting; and
- (c) to reconsider the appropriateness of incorporating IFRS 19 into New Zealand for-profit standards if and when the IASB reconsiders the scope of IFRS 19 (which is currently limited to subsidiaries without public accountability).

For those disclosure requirements that are presently included in IFRS 19 but are not in current RDR: The Board AGREED NOT to propose requiring these disclosures for Tier 2 for-profit entities at this time, but to consider whether to propose these disclosures the next time that a relevant standard is amended.

4) IASB ED - *Business Combinations—Disclosures, Goodwill and Impairment*

The Board CONSIDERED feedback received so far on the IASB ED *Business Combinations – Disclosures Goodwill and Impairment* and PROVIDED FEEDBACK on the draft comment letter.

5) IASB ED - *Power Purchase Agreements*

The Board CONSIDERED the proposals in the IASB ED *Contracts for Renewable Electricity* and PROVIDED FEEDBACK on staff's preliminary views to inform the drafting of the comment letter.

6) Amendments to the classification and measurement of financial instruments

The Board:

- (a) APPROVED for issue *Amendments to the Classification and Measurement of Financial Instruments*, which amends NZ IFRS 9 *Financial Instruments* and NZ IFRS 7 *Financial Instruments: Disclosures*;
- (b) APPROVED the signing memorandum from the Chair of the NZASB to the Chair of the External Reporting Board, requesting approval to issue *Amendments to the Classification and Measurement of Financial Instruments*;
- (c) AGREED to defer developing and consulting on RDR concessions for Tier 2 for-profit entities with respect to *Amendments to the Classification and Measurement of Financial Instruments*; and
- (d) CONSIDERED the application of the PBE Policy Approach, and AGREED to defer the decision to develop amendments to PBE Standards based on *Amendments to the Classification and Measurement of Financial Instruments* until the IPSASB has completed its equivalent alignment project.

7) IPSASB ED 89 – draft comment letter

The Board APPROVED the comment letter on IPSASB ED 89 *Amendments to Consider IFRIC Interpretations*.

8) PBE Revenue and Transfer Expenses – Issues discussion and project update

The Board AGREED with staff recommendations to:

- (a) include an illustrative example in draft PBE IPSAS 47 that demonstrates the deferral of revenue in transactions involving resources received for an entity's internal use with varying consequences – however, before adding a new illustrative example, the staff will first evaluate whether an existing example can be expanded upon; and
- (b) elaborate in the Basis for Conclusions of draft PBE IPSAS 47 on the NZASB consideration of the deferral of revenue for transactions with binding arrangement where an entity receives resources for its internal use.

The Board also AGREED that the accounting treatment of multi-year funding and capital transfer in IPSAS 47 and IPSAS 48 is fit-for-purpose in New Zealand.

Next meeting

Thursday 8 August 2024 is a full-day virtual meeting.

Meeting closes