



Financial Reporting Council Communiqué

The Financial Reporting Council (FRC) met on 10 December 2021 and the key matters considered are outlined below:

Financial Reporting

The Australian Accounting Standards Board (AASB) Chair's update included that the AASB has:

- issued an invitation to comment on [ITC 48 Extended External Reporting](#), which sets out AASB's proposed draft position statement relating to Extended External Reporting (EER)
- released a staff paper [Review of Executive Remuneration Disclosure Requirements](#) to assess how the current Australian executive remuneration disclosure requirements compare to selected overseas jurisdictions for non-for-profit, for-profit and public sector entities.

Auditing and Assurance

The Auditing and Assurance Standards Board (AUASB) Chair's update included that the AUASB:

- established a joint AASB / AUASB Extended External Reporting (EER) Project Advisory Panel comprised of practitioners, professional bodies and academics, to identify initiatives to support EER and assurance in Australia
- released video guidance for its new and revised Quality Management Standards
- released a consultation paper to seek feedback from Australian stakeholders on the International Auditing and Assurance Standards Board's new stand-alone standard for [Audits of Financial Statements of Less Complex Entities](#).

Post Implementation Review of AASB 1049

The post-implementation review of [AASB 1049 Whole of Government and General Government Financial Reporting](#) by Dr Kim Langfield-Smith recommended that:

- no significant changes should be made to AASB 1049
- consideration should be made to implementing minor changes to AASB 1049, AASB 1055 [Budgetary Reporting](#) (March 2013, as amended) and supporting material
- the number and magnitude of convergence differences should be monitored over the next three years to gauge the impact on the costs of preparers and users and the impact on usefulness of the financial statements.

Emerging Issues and Strategic Themes

The FRC identified four themes of strategic risks and emerging issues in the financial reporting system which impact audit quality: resourcing, capability and attractiveness of the profession, cyber security, impact investing and the global economic environment.

The FRC began work to identify relevant action the FRC could undertake with respect to the identified themes. Emerging issues and strategic themes will become an ongoing FRC agenda item.

Digital Financial Reporting

The FRC provided in-principle support for mandatory digital financial reporting. FRC members noted the FRC would continue to work with the Australian Securities and Investments Commission, through the AASB, to support digital financial reporting.

Extended External Reporting

The FRC, AASB and AUASB have issued a joint [Position Statement on Extended External Reporting and Assurance](#).

International Developments

- Bill Edge (Chair, AUASB) was appointed to the International Auditing and Assurance Standards Board
- Channa Wijesinghe (CEO, Accounting Professional & Ethical Standards Board) was appointed to the International Ethics Standards Board for Accountants
- Kris Peach (Former AASB Chair) was appointed to the Public Interest Oversight Board Standard Setting Boards' Nominations Committee.

Next Meeting

The next FRC meeting date is to be confirmed.