



Financial Reporting Council Communiqué

The Financial Reporting Council (FRC) met on 6 September 2023 and the key matters considered and decided are outlined below:

New FRC Members	<ul style="list-style-type: none">• The FRC Chair welcomed and introduced new acting member and acting AUASB Chair, Douglas Niven. The appointment will be for a period of three months commencing from 31 July 2023.
Environmental Scan	<ul style="list-style-type: none">• The FRC discussed the transition process for businesses on sustainability, and how this process differed between businesses.• The FRC considered the importance of internationalising industry-specific standards to enable the commencement of reporting by businesses with reference those standards.
AASB and AUASB	<ul style="list-style-type: none">• The FRC noted the AASB and AUASB Chair reports.• AASB report highlights:<ul style="list-style-type: none">– The AASB is focusing on sustainability with exposure draft consultation for the Australian application of IFRS S1 and IFRS S2 expected to occur before the end of 2023.– The AASB supports the development of a full conceptual framework on sustainability reporting.– The AASB is hosting a closed two-day sustainability reporting symposium in November and will share information with other national standard setters.• AUASB report highlights:<ul style="list-style-type: none">– The AUASB has prepared an initial work program on sustainability assurance, including stakeholder consultation on the IAASB’s exposure draft standard for ISSA 5000 <i>General Requirements for Sustainability Assurance Engagements</i>.– The AUASB has made a submission to IAASB regarding the proposed revised ISA 570 <i>Going Concern</i>.
XRB	<ul style="list-style-type: none">• XRB report highlights:<ul style="list-style-type: none">– The XRB has two projects on issues surrounding cost/benefit of reporting for smaller entities due to the increasing complexity of its standards over time.– The XRB is working to educate stakeholders on sustainability scenario analysis from a governance and resilience perspective.
International Developments	<ul style="list-style-type: none">• Members considered different models for ethics standards and their standard-setting bodies, such as increased separation from the accounting profession and the prospect of cost recovery funding.
Financial Reporting Indicators	<ul style="list-style-type: none">• Members noted the research on costs of capital supplied by the FRC Secretariat which examined recent developments and their impacts on the access to capital for carbon-intensive operators.
Public Sector Reporting	<ul style="list-style-type: none">• The PSAG Chair provided a verbal update of information collected from the Australian public sector, especially on the progress on sustainability reporting.
Emerging Issues and FRC Priorities	<ul style="list-style-type: none">• The FRC continues to hear from the profession that there are decreased tertiary enrolments in accounting.• The FRC agreed to commission research to gather evidence on what has been said anecdotally to obtain definitive information.
PJC Recommendations	<ul style="list-style-type: none">• The FRC agreed to make recommendations to the Minister pursuing legislative change on disclosure of auditor tenure and audit fees in the directors’ report, addressing going concern in directors’ declarations if the auditor is required to make disclosure in all audit reports, and making audit quality management standards for audit firms enforceable under the Corporations Act.
Nominations Committee	<ul style="list-style-type: none">• A position on the AASB will become vacant this year and the FRC is seeking suitable candidates.

The next FRC meeting is scheduled to be held in Sydney on 28 November 2023