



Financial Reporting Council Communiqué

The Financial Reporting Council (FRC) met on 10 December 2025. The key matters considered and decided are outlined below:

Environmental Scan	<ul style="list-style-type: none">• The Chair referred to the Australian Government's focus on regulatory reform, noting that an increase in digital financial reporting could streamline data collection and sharing.• Members discussed sustainability and climate-related financial disclosures. This included the importance of finalising S1-related issues, before moving towards additional nature-related financial disclosure, and market uncertainty regarding the definition of materiality.• The Chair of the Forum of Firms, Fiona Campbell, outlined four key areas impacting international standard setting: quality of standards, collaboration issues, funding challenges, and talent shortages.
AASB	<ul style="list-style-type: none">• The AASB gave a presentation to the Local Government Ministers Forum on depreciation issues (see LGMF website for communique). The AASB has published FAQs on Local Governments and Accounting Depreciation to increase awareness.• Recent ASAF meetings included discussion on intangibles, impairment exemptions, and broader consideration of whether existing standards remain fit for purpose in addressing emerging and evolving issues.• A common theme regarding intangibles concerned the request for specific standards to address developing areas such as crypto, software as a service, and AI technologies.• AASB Chair noted IFRS 16 post-implementation review feedback, indicating mixed views on disclosure clarity and usefulness.
AUASB	<p>Sustainability auditing and assurance</p> <ul style="list-style-type: none">• Amendments are proposed to the phasing model for assurance of information in Corporations Act sustainability reports which clarify the directors' declaration in the sustainability report and applies the phasing model to an entity that voluntarily prepares a sustainability report under the Corporations Act.• The AUASB will publish illustrative Corporations Act sustainability assurance reports and will continue developing guidance and materials to assist practitioners in implementing ASSA 5000, particularly under the local climate reporting regime. <p>Financial auditing and assurance update</p> <p>The AUASB report notes:</p> <ul style="list-style-type: none">• The continuing importance of financial reporting assurance standards and the AUASB input into international projects underway in this area.• IAASB's Technology Quality Management Roundtable in November (co-hosted by the AUASB) and attended by representatives from the largest six firms, smaller firms, regulators, APESB, preparers, academics and others.• The 5-6 December 2025 ANCAAR meeting was attended by the AUASB Chair.
XRB	<ul style="list-style-type: none">• Simone Robbers and Aaron Hockly have joined the XRB. Fergus Welsh left the XRB.• The New Zealand government has proposed changes to remove most NZX-listed companies from the mandatory climate reporting regime, though voluntary reporting remains an option for those under the threshold.• Other changes concern director liability and removing managed investment schemes from the regime entirely.• The Financial Markets Authority has granted "no action" relief for affected entities in anticipation of these changes.
Auditor Review Working Group report	<ul style="list-style-type: none">• Public sector representatives met in October 2025 to discuss auditor requirements across jurisdictions and the application of the RCA concept. Members agreed that a shared understanding is needed of what makes a competent auditor, particularly for non-RCA auditors.• The Working Group reconvened on 6 November 2025 and welcomed new members. The Working Group agreed that a comparison table of auditor requirements across bodies would support the next phase of work.

The next FRC meeting is scheduled to be held in Sydney on 26 March 2026