



<b>Project:</b>	<b>Conceptual Framework Project</b>	<b>Meeting</b>	AASB February 2018 (M162)
<b>Topic:</b>	<b>Cover memo</b>	<b>Agenda Item:</b>	4.0
<b>Contact(s):</b>	Theashen Vandiar <a href="mailto:tvandiar@asb.gov.au">tvandiar@asb.gov.au</a> 03 9617 7640 Justine Keenan <a href="mailto:jkeenan@asb.gov.au">jkeenan@asb.gov.au</a> 03 9617 7642 Kala Kandiah <a href="mailto:kkandiah@asb.gov.au">kkandiah@asb.gov.au</a> 03 9617 7626	<b>Project Priority:</b>	High
		<b>Decision-Making:</b>	High
		<b>Project Status:</b>	Ballot Draft of Consultation Paper

## Introduction and objective of the meeting

- 1 The objective of this meeting is to review the ballot draft consultation paper as well as the proposed project timeline and seek the Board's approval or directions in relation to amendments to the following Standards: AASB 108, AASB 1048, AASB 1053, AASB 1057 and SAC 1.

## Attachment

- Agenda Paper 4.1 Ballot Draft of AASB Consultation Paper *Conceptual Framework for Financial Reporting – Application of the IASB's Revised Conceptual Framework in Australia*
- Agenda Paper 4.2 Proposed project timeline and Conceptual Framework Project Advisory Panel

## Overview of agenda papers

- 2 Agenda Paper 4.1 presents the ballot draft AASB Consultation Paper *Conceptual Framework for Financial Reporting – Application of the IASB's Revised Conceptual Framework in Australia*. Agenda Paper 4.2 is a staff paper on the proposed Conceptual Framework project timeline. This staff paper also includes a discussion of the proposed purpose and focus of the Conceptual Framework Project Advisory Panel (PAP) for Board consideration.

*AASB Consultation Paper: Conceptual Framework for Financial Reporting – Application of the IASB's Revised Conceptual Framework in Australia*

- 3 In its December 2017 meeting, the Board directed staff to draft a consultation paper highlighting the implementation issues that would arise for Australian entities when

the IASB issues the revised *Conceptual Framework for Financial Reporting (Conceptual Framework)*.

- 4 The ballot draft Consultation Paper notes the definition of a ‘reporting entity’ in the revised *Conceptual Framework* and how this differs from Australian Accounting Standards. The paper highlights the impact of this inconsistent definition for different entities in Australia and proposes a two-stage approach to applying the revised *Conceptual Framework* in Australia.
- 5 The Appendix to the Consultation Paper includes proposed amendments to the following Australian Accounting Pronouncements as part of the short-term approach for applying the revised *Conceptual Framework* so that publicly accountable for-profit private sector entities can remain IFRS compliant:
  - (a) AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*;
  - (b) AASB 1048 *Interpretation of Standards*;
  - (c) AASB 1053 *Application of Tiers of Australian Accounting Standards*;
  - (d) AASB 1057 *Application of Australian Accounting Standards*; and
  - (e) SAC 1 *Definition of the Reporting Entity*.

#### *Proposed Project Plan and Timeline*

- 6 Agenda Paper 4.2 includes the key project milestones and timelines for Board consideration. It also includes a status update on the formation of the *Conceptual Framework* Project Advisory Panel.

#### **Summary of staff recommendations**

- 7 Staff recommend the following:
  - (a) the Board votes to approve the ballot draft of AASB Consultation Paper *Conceptual Framework for Financial Reporting – Application of the IASB’s Revised Conceptual Framework in Australia*, which includes the Appendix comprising the proposed amendments to Australian Accounting Pronouncements;
  - (b) the Chair be delegated with final editorial approval of the Consultation Paper on behalf of the Board;
  - (c) the Board agrees with the proposed project milestones and timeline as well as the proposed purpose and focus of the *Conceptual Framework* PAP as outlined in Agenda Paper 4.2.

### **Questions for Board members**

- Q1 Do Board members approve the AASB Consultation Paper *Conceptual Framework for Financial Reporting – Application of the IASB’s Revised Conceptual Framework in Australia* for exposure? (Refer to Agenda Paper 4.1)
- Q2 Do Board members approve the proposed amendments to Australian Accounting Pronouncements as set out in the Appendix to the AASB Consultation Paper? (Refer to the Appendix of Agenda Paper 4.1)
- Q3 Do Board members agree to delegate final editorial approval to the Chair of the Board?
- Q4 Do Board members agree with the proposed project milestones and timeline as set out in Agenda Paper 4.2?
- Q5 Do Board members agree with the proposed aim and focus of the Conceptual Framework PAP as set out in Agenda Paper 4.2?

### **Next steps**

- 8 If the ballot draft Consultation Paper is approved, staff will proceed to issue it for public comment on 28 February 2018.
- 9 If the Consultation Paper is not approved, staff will revise the draft based on Board recommendations and obtain final approval from the Chair before issuing it on 28 February 2018, subject to any other Board decisions.