



Project:	Conceptual Framework Project	Meeting	AASB February 2018 (M162)
Topic:	Project Plan	Agenda Item:	4.2
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		Decision-Making:	Low
		Project Status:	Planning

Introduction and objective of this paper

- 1 The objective of this paper is to provide the Board with an overview of key project timelines and milestones, including the formation and objective of a Project Advisory Panel (PAP).
- 2 This paper is structured as follows:
 - (a) summary of staff recommendations;
 - (b) background;
 - (c) proposed project milestones and timeline; and
 - (d) project advisory panel.

Summary of staff recommendations

- 3 Staff recommend the following:
 - (a) the Board agrees with the proposed project milestones and timeline as outlined in paragraph 6; and
 - (b) the Board agrees with the objective and focus of the Conceptual Framework Project Advisory Panel.

Background

- 4 At its December 2017 meeting, the Board considered financial reporting framework implications of the IASB's revised *Conceptual Framework for Financial Reporting (Conceptual Framework)*, which is expected to be issued in March 2018. The Board

noted that the revised *Conceptual Framework* has a definition of a ‘reporting entity’ that is inconsistent with Australian Accounting Standards. This gives rise to a number of issues, including the ability of certain entities to prepare special purpose financial statements (SPFS).

- 5 The Board directed staff to draft a consultation paper and commence a project to address the issues pertaining to the application of the revised *Conceptual Framework* in Australia.

Proposed project milestones and timeline

- 6 Staff identified the following as key milestones of the project. These will be periodically reassessed and revised to ensure the project path remains appropriate and the project can be adequately resourced.

Meeting / Date	Project Milestones	Status
STAGE 1: ALL ENTITIES – CONSULTATION PAPER (INFORMATION)		
31 Jan 2018	Draft Ballot Draft Consultation Paper for Board meeting 14 February with the objective to create awareness of the impact that the IASB’s revised <i>Conceptual Framework for Financial Reporting (Conceptual Framework)</i> will have on all entities and to propose solutions to address these issues in the short term and the longer term.	Completed
14 Feb 2018	Board consideration of the pre-ballot draft consultation paper and project plan.	
15 Feb – 28 Feb 2018	Update consultation paper based on feedback from the Board.	
28 Feb 2018	Issue consultation paper for public comment. Part 1 of the Consultation Paper proposed to have a one-month comment period ending on 31 March 2018. Part 2 proposed to have a six-month comment period ending 31 August 2018.	
February – March 2018	Appoint a Project Advisory Panel.	
March 2018	IASB issues revised Conceptual Framework.	

STAGE 2: PUBLICLY ACCOUNTABLE FOR-PROFIT PRIVATE SECTOR ENTITIES		
Apr 2018*	<p>Compare the IASB’s revised <i>Conceptual Framework</i> with the previous Exposure Draft to identify and assess the significance of key changes. Further work (if any) on key changes to be determined, e.g. discussion with Project Advisory Panel.</p> <p>Issue the revised <i>Conceptual Framework</i> in Australia to be effective only for publicly accountable for-profit private sector entities. Consequential amendments to be made to AASB pronouncements as set out in the Consultation Paper.</p> <p>All other entities will continue to use the AASB <i>Framework for the Preparation and Presentation of Financial Statements</i>.</p>	
Apr 2018 onwards	Monitor IASB consequential amendments to other standards, which are expected over an 18-month period. Address amendments through narrow-scope amending standards. Consider the impact of such amendments on not-for-profit and public sector entities.	
STAGE 3: ALL OTHER ENTITIES – RESEARCH, OUTREACH AND GUIDANCE		
Mar – Apr 2018	<p>Research project e.g. compare revised <i>Conceptual Framework</i> with IPSASB, South Africa, UK and NZ pronouncements to identify differences and consider their significance.</p> <p>Engage with University researchers to identify possible overlaps with proposed research initiatives relating to the revised <i>Conceptual Framework</i> and the reporting entity concept.</p>	
Apr – Oct 2018	Organize outreach sessions, webinars, roundtables and have other social media initiatives (example questions on LinkedIn) to get feedback from constituents.	
Jun 2018	Panel meeting to note feedback from outreach sessions to date and to provide views.	
Sep 2018	Panel meeting to note feedback from outreach sessions to date and to provide views.	
30 Oct 2018	<p>Collate feedback from consultation paper and outreach sessions.</p> <p>Draft board paper with staff recommendations for November meeting.</p>	
12-14 Nov 2018: Board meeting	Board to consider feedback on consultation paper and staff recommendations on how to address constituents’ feedback.	

Mid Nov – Jan 2019	Action Board’s decisions, which could address: <ul style="list-style-type: none"> - amendments to/withdrawal of SAC 1; - additional paragraphs to be included in the revised <i>Conceptual Framework</i> to address the needs of not-for-profit and public sector entities. 	
Feb 2019: Board meeting**	Board to consider draft ED of proposed guidance relating to NFP and public sector entities as well as project status update. Panel meeting to discuss draft ED.	
Mid-end Feb 2019**	Update ED based on feedback from the Board and Panel.	
1 Mar 2019**	Issue ED for public comment.	
April 2019 onwards**	<ul style="list-style-type: none"> - conduct outreach sessions and roundtable discussions; - collate feedback and make recommendations to the Board; - issue <i>Conceptual Framework</i> for all other entities; and - conduct education sessions. 	-

* The timing may vary depending on when the IASB issues the revised *Conceptual Framework*.

** These planned activities depend on the outcome from outreach sessions, comments from constituents relating to the consultation paper, and Board decisions. The timing of the activities may vary or they may not occur at all.

Question for Board members

Q1 Do Board members agree with the proposed project milestones and timeline?

Project Advisory Panel

- 7 Staff will be contacting regulators and other stakeholders in February for names of potential representatives to serve on the Conceptual Framework PAP with the aim of finalising the PAP composition in March 2018.
- 8 The Conceptual Framework Project is pervasive in many respects and overlaps with other current AASB projects, such as the Australian Financial Reporting Framework Project. Accordingly, it is important for the purpose and focus of the Conceptual Framework PAP to be clear so that panel members understand what is expected from the outset. This will also control ‘scope creep.’
- 9 Staff propose that the aim of the Conceptual Framework PAP should be to focus on the plans to make the revised *Conceptual Framework* effective to different entities in Australia. As a consequence of this, the PAP’s focus would include issues pertaining to the removal of the reporting entity concept as currently applied in Australia. The

PAP would also address long-term amendments to the *Conceptual Framework* for application by NFP and public sector entities. The PAP discussions may possibly also include issues about the alternative tiered reporting proposals.

Question for Board members

Q2 Do Board members agree with the proposed aim and focus of the Conceptual Framework PAP as set out in paragraph 9?