The table below reflects the current thinking of the AASB about the need for RISs in respect of forthcoming Standards.

The table includes those projects that are expected to result in Standards in the next year or so and that impact on business. Accordingly, the table does not include other projects that:

(a) are expected to result in Standards further into the future and may impact on business; or

(b) are not expected to impact on business because they are only expected to impact on the public sector or the non-commercial activities of not-for-profit entities.

It is generally accepted that there are net benefits to the economy of high-quality financial reporting requirements. Most of the direct costs of new financial reporting requirements are usually borne by preparers of general purpose financial reports and most of the direct benefits are usually received by users of general purpose financial reports.

The AASB's current thinking has been based on looking past the purely technical issues to the likely costs and benefits to preparers, users and others (such as auditors and regulators). Accordingly, although in some cases a particular change to financial reporting requirements may be substantive in terms of its underlying changes to technical thinking, the likely changes to preparation costs and financial reporting outcomes may not be substantive.

**Consultation**

All new and revised financial reporting requirements are the subject of thorough consultation, including explicitly seeking input on cost-benefit issues. At a minimum the consultation process involves exposing proposals for public comment and discussion of constituents' comments and the relevant issues by the Board in public meetings. Substantive projects also involve other forms of due process, including a discussion paper phase, discussion roundtables and face-to-face meetings between constituents and AASB staff and Board members.

**Main sources of AASB Standards**

AASB Standards applicable to commercial activities adopt International Financial Reporting Standards (IFRSs). The benefits of adopting any particular IFRS include the benefits of overall IFRS compliance. Put another way, the costs of not adopting any particular IFRS include the costs of Australia losing the credibility that comes with being an IFRS-compliant jurisdiction. Accordingly, the benefits of remaining IFRSs compliant are a pervasive factor in any cost-benefit assessment of new and revised AASB standards as they apply to commercial activities.

| Topic | Expected | Consultation | Source? | RIS? | Because |
|---|---|---|---|---|---|
| Financial Asset Impairment | Q3 2011 | ED 189<br>ED 210<br>Roundtables (Melbourne & Sydney) | IFRS | TBD | Likely major technical changes to model, particularly for lenders, such as banks. Based on proposals to-date, it may cause lenders to change their information systems and users to re-think their analyses of lenders' reported information on loan impairments.<br>The cost-benefit outcomes depend on a number of factors, such as: the IASB's response to feedback, the scope of the changes and whether lenders can combine any information systems changes with other those arising from revised prudential requirements. |
| 'General' Hedge Accounting | Q3 2011 | ED 208<br>Roundtables (Melbourne & Sydney) | IFRS | Yes | The main principle underlying the proposals is that hedge accounting align with an entity's risk management policies, which is less 'mechanical' than the current approach. Hedge accounting would remain voluntary, but may become more widely applied. |
| Consolidations – investment entities | Q3 2011 | In process | IFRS | TBD | The project is a possible 'carve out' from consolidation requirements for 'investment entities' – the IASB is currently formulating the proposals and it is not yet clear how far-reaching the proposals might be. |
| Asset-Liability Offsetting | Q3 2011 | ED 209 | IFRS | No | This is a presentation proposal – no significant changes are proposed (the US FASB is proposing to change to align with IFRSs). |
| Superannuation | Q4 2011 | Consultation Paper on consolidation issues<br>ED 179<br>Roundtables (Melbourne & Sydney)<br>Revised ED expected on selected issues | Domestic | Yes | Substantive revision to a domestic (non-IFRS) Standard, which is expected to have a considerable impact on most APRA-regulated plans and their users |
| Annual Improvements | Q4 2011 | ED 213 | IFRS | No | By definition, these are minor and mechanical changes, and are processed each year. |

| Topic | Expected | Consultation | Source? | RIS? | Because |
|---|---|---|---|---|---|
| Leases | Q1 2012 or Q2 2012 | ED 202<br>Workshop (Melbourne)<br>Revised ED expected Q3 2011 | IFRS | Yes | Fundamental changes to the recognition and measurement model are proposed and it seems likely to have a major impact on most lessors and lessees. |
| Revenue Recognition | Q1 2012 or Q2 2012 | ED 198<br>Workshop (Melbourne)<br>Revised ED expected Q3 2011 | IFRS | No | Although there are expected to be major technical changes to the recognition model, particularly for those entities that have long-term sales contracts and bundled sales, it seems unlikely that this will involve much cost to many entities. |
| Insurance Contracts | Q1 2012 or Q2 2012 | Invitation to Comment on IASB DP<br>ED 201<br>Roundtables (Auckland, Melbourne & Sydney)<br>Revised ED expected Q4 2011 | IFRS | Yes | The outcomes may not fundamentally affect many entities, particularly if a proposed short versus long term distinction lines up with the existing Australian general versus life insurance distinction. However, the technical changes to the recognition and measurement model are likely to be sufficiently significant to warrant a RIS. |
| Macro Hedging | Q2 2012 | ED expected in Q3 2011 | IFRS | TBD | This project is at an early stage and it is too soon to know the likely impacts |
| Equity Financial Instruments | Q2 2012 | In process | IFRS | TBD | This project is at an early stage and it is too soon to know the likely impacts |

TBD = to be determined

ED = Exposure Draft

DP = Discussion Paper

IFRS = International Financial Reporting Standard