

Minutes of previous joint meetings of the AASB and the FRSB on convergence of differential reporting frameworks of the two jurisdictions

October 2009:

Differential Reporting

The Boards had before them:

- (a) a memorandum from Ahmad Hamidi and Vanessa Sealy-Fisher dated 14 October 2009 (Agenda paper 4.1);
- (b) staff paper: Similarities and Differences between the Proposed Differential Reporting Frameworks in Australia and New Zealand (Agenda paper 4.2);
- (c) staff paper: The Australian Revised Differential Reporting Framework: AASB Decisions to Date (Agenda paper 4.3); and
- (d) staff paper: (NZ) Summary of the Proposals Regarding Financial Reporting by the Ministry of Economic Development in its Discussion Document *The Statutory Framework for Financial Reporting* and the Accounting Standards Review Board in its Discussion Document *Proposed Application of Accounting and Assurance Standards under the Proposed New Statutory Framework for Financial Reporting* (Agenda paper 4.4).

The Boards considered similarities and differences between the proposals for revised differential frameworks in the two countries. The Boards discussed:

- (a) the suitability of the IFRS for SMEs as a second tier set of reporting requirements in the two jurisdictions;
- (b) whether the proposed Australian reduced-disclosure regime would be an option for New Zealand; and
- (c) whether the approach to differential reporting for not-for-profit entities in the private and public sectors should differ from the approach in the for-profit private sector.

The Boards agreed in principle that, subject to legislative change in both countries, the differential reporting regime for for-profit private sector entities should be identical in both countries and a reporting regime for second tier for-profit private sector entities should involve reduced disclosures, but should not involve amendments to full IFRS recognition and measurement requirements.

The Boards discussed the potential for having the same differential reporting regime available for not-for-profit entities in the private and public sectors in the two countries based on:

- (a) a policy of transaction neutrality;
- (b) full recognition and measurement requirements; and

- (c) reduced disclosures.

The Boards noted that, in principle, the same differential regime should be available in both countries for not-for-profit entities, subject to forthcoming deliberations in each jurisdiction.

March 2010

Differential Reporting

The Boards considered a proposed joint project plan regarding convergence of differential reporting in Australia and New Zealand.

The Boards were updated on the progress of Phase 1 of the proposed joint project plan regarding the establishment of the Australian Reduced Disclosure Regime as Tier 2 reporting requirements for preparing general purpose financial statements. The Boards noted that Phase 2 of the proposed joint project plan regarding the issuance of a Consultation Paper in New Zealand on reporting by the proposed Tier 2 entities is dependent on the outcome of the proposals recently issued in New Zealand in the Accounting Standards Review Board (ASRB) Discussion Document *Proposed Application of Accounting and Assurance Standards under the Proposed New Statutory Framework for Financial Reporting*.

The Boards discussed whether or not the FRSB should comment on the AASB's proposals in respect of differential reporting and agreed that the FRSB would not send formal comments. The FRSB requested that it receive a copy of the AASB staff collation of comments on the AASB proposals.

The Boards agreed that:

- (a) the proposed joint project plan should be forwarded to the ASRB to seek their views to identify whether there are actions that the FRSB should undertake in respect of Phase 2; and
- (b) staff should stand ready to implement the project pending the resolution of relevant uncertainties about the future reporting framework in New Zealand.

Next steps

The Boards agreed that the ideas generated from the discussion should be used as the basis for a report to the AASB and FRSB Chairs for their use in setting out possible goals and solutions for the Boards to pursue. It was agreed that, notwithstanding the uncertainty surrounding the future structure of standard setting arrangements in New Zealand (given the current review), the Boards should act in concert to the extent feasible.