



Memorandum

To:	AASB and FRSB members	Date:	24 November 2010
From:	Project team ¹	Agenda Item:	3.1
Subject:	Control in the public and NFP private sectors – Revised project plan	File:	–

Action

Consider and, subject to any amendments, approve the revised draft of the AASB/FRSB Joint Project Plan (which includes an AASB plan for communicating with constituents).

Background

At the October 2010 AASB/FRSB joint meeting, the Boards noted the progress made to date on the project, including the working draft of a paper identifying issues associated with the application of the current definition of control in the public sector, which was a planned output of Phase 1 of the project, and the next steps in the project.

In considering the next steps in the project, the Boards decided that, in light of the imminent release by the IASB of a replacement for IAS 27 *Consolidated and Separate Financial Statements*, including a revised definition of control, the focus of the project should immediately switch, as a high priority, to developing proposals for public sector and not-for-profit private sector material to be included in the domestic standards that will incorporate the replacement for IAS 27. The Boards noted this would involve further research into not-for-profit private sector issues to supplement the research to date in relation to the public sector. Within the context of the replacement Standard, the additional material should address as many of the issues relating to control of an entity identified in Phase 1 as possible and appropriate. The objective is to develop

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the additional material in time to enable public sector and not-for-profit private sector entities both to be involved in appropriate due process and to apply the replacement for IAS 27 before its mandatory effective date with a reasonable transition period. The Boards noted that although the mandatory effective date of the replacement for IAS 27 is not yet known, it is expected to be no earlier than 1 July 2012.

The Boards also noted that the outcome of this work might not adequately address all the issues identified in Phase 1 and therefore, consistent with the original project plan, the scope and approach to Phases 3+, if any, should be considered in due course.

In light of the Boards' decisions, it was agreed that a revised project plan should be prepared for consideration by each Board at its forthcoming December 2010 meeting.

The revised project plan, see agenda paper 3.2, includes an AASB plan for communicating with constituents – particularly to deal with any perceptions that public sector issues are not being given due regard because the scope of the project has been broadened to include the not-for-profit private sector and Phase 2 is limited to adapting the replacement of IAS 27 rather than fundamentally reviewing its requirements. An explicit FRSB communications plan is not included because the FRSB operates differently from the AASB – if it needs to communicate with interested parties, it contacts them directly.

Attachments

Agenda paper 3.2: Draft Revised Project Plan – Control in the public and not-for-profit private sectors.