



| | | | |
|-----------------|--|---------------------|-----------------|
| To: | AASB members | Date: | 1 December 2010 |
| From: | Angus Thomson and Maybelle Chia | Agenda Item: | 4.1 |
| Subject: | Trans-Tasman Convergence | File: | |

Action

To consider:

- (a) the issues paper that follows on from the issues discussed at the October 2010 joint meeting with a view on finalising these issues for inclusion in the final draft of the standards; and
- (b) the following draft standards to provide staff with feedback with a view to approving them in February 2011:
 - (i) Draft AASB Amending Standard *Amendments to Australian Accounting Standards*;
 - (ii) Draft AASB Standard *Australian Additional Disclosures*.

Background

At the October 2010 joint meeting, the Boards deliberated on the comments received on AASB ED 200A / FRSB ED 121 *Proposals to Harmonise Australian and New Zealand Standards in Relation to Entities Applying IFRSs as Adopted in Australia and New Zealand* and AASB ED 200B / FRSB ED 122 *Proposed Separate Disclosure Standards*. The Boards considered an issues paper highlighting key comments made by constituents and tentatively decided to proceed with most of the proposals. The proposals the Boards agreed to amend along with the Boards' tentative decisions are:

- (a) audit fee disclosures – revision of disclosure requirement wording to incorporate the notion of 'related practice' (with an alternative concept) and to clarify the inclusion of parent and subsidiary amounts in group disclosures;
- (b) reconciliation of operating cash flow to profit or loss – harmonisation of disclosure requirement wording and insertion of Basis for Conclusions;
- (c) true and fair override – insertion of Aus paragraph to prohibit not-for-profit entities from accessing the true and fair override;
- (d) Aus7.1 of Interpretation 113 – insertion of application reference to AASB 108 and Basis for Conclusions in relation to transition; and
- (e) location of additional disclosures – inconclusive decision with a preference for separate disclosure standard.

The Boards requested staff to develop the draft amending standards and an issues paper on remaining issues to be considered at the individual December 2010 AASB / FRSB meetings with a view to approving the final standards in early 2011.

The draft minutes for the October 2010 joint meeting are attached as Agenda Paper 4.2.

Issues Paper

An issues paper (attached as Agenda Paper 4.3) has been prepared to mainly address those issues that were not resolved at the October 2010 joint meeting and some other sweep issues. The issues addressed in the issues paper are:

- (a) Issue 1: Location of Additional Disclosures
- (b) Issue 2: Audit Fee Disclosures
- (c) Issue 3: Reconciliation of Operating Cash Flow to Profit/Loss
- (d) Issue 4: True and Fair Override
- (e) Issue 5: Paragraph Aus7.1 of Interpretation 113 Transition
- (f) Issue 6: Individual Key Management Personnel Disclosures
- (g) Issue 7: Reduced Disclosure Requirements.

For each of the issues, staff have listed questions for the Board in the issues paper.

Draft Amending Standard

Staff have prepared a draft amending standard, *AASB 2011-X Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project* (attached as Agenda Paper 4.4) to get some indication from the Board about the intended structure and content. To be consistent with current practice, staff have moved the specific Basis for Conclusions that accompanied specific amendments in the Exposure Draft to the end of the standard.

Draft Disclosure Standard

Given that the Boards expressed a preference for the separate disclosure standards at the October 2010 joint meeting, staff have prepared a draft disclosure standard, *AASB 10XX Australian Additional Disclosures* (attached as Agenda Paper 4.5), for the Board's consideration. To be consistent with current practice, staff have moved the specific Basis for Conclusions that accompanied specific disclosures in the Exposure Draft to the end of the standard.

Staff note that the Boards have proposed individual early adoption of the amendments in the Draft Amending Standard and disclosure requirements in the Draft Disclosure Standard. Staff would like to reaffirm that the AASB would like to proceed with this proposal.

Questions for the AASB:

Do you agree to allow individual early adoption of the amendments and disclosure requirements in the draft standards?

Do you have any comments on the Draft Amending Standard?

Do you have any comments on the Draft Disclosure Standard?

Subcommittee Involvement

During November, the joint subcommittee reviewed several versions of revised wording for the disclosure requirement for audit fees and the harmonised wording for the disclosure requirement to prepare a reconciliation of operating cash flows to profit or loss.

The AASB members of the subcommittee reviewed wording relevant to the true and fair override and the paragraph Aus7.1 of Interpretation 113 transition.

Subcommittee views are incorporated in the relevant sections of the issues paper.

Attachments

| | |
|------------------|--|
| Agenda Paper 4.2 | Draft minutes for October 2010 AASB/FRSB joint meeting |
| Agenda Paper 4.3 | Issues paper – Further Consideration of Unresolved Issues and Sweep Issues |
| Agenda Paper 4.4 | Draft AASB 2011-X <i>Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project</i> |
| Agenda Paper 4.5 | Draft AASB 10XX <i>Australian Additional Disclosures</i> |