



To:	AASB members	Date:	2 June 2010
From:	Jim Paul	Agenda Item:	11.1
Subject:	Conceptual Framework – Objective and Qualitative Characteristics	File:	P36, P49

Action

The Board is asked to decide a policy regarding the applicability of its forthcoming two new *Framework* chapters to public benefit entities/not-for-profit entities (PBEs/NFPs).

Background

The IASB is soon expected to issue chapters of its revised Conceptual Framework in respect of:

- (a) The Objective of General Purpose Financial Reporting; and
- (b) Qualitative Characteristics of, and Constraints on, Useful Financial Information.

The AASB has previously indicated that it will consider, on a case-by-case basis, whether new chapters in the AASB *Framework* should be applicable to PBEs/NFPs in advance of the IASB and FASB considering application of the new concepts by not-for-profit entities in Phase G of their Conceptual Framework project.

Staff Recommendations

AASB staff recommend that the new *Framework* chapters, when issued by the AASB, should be applicable to all reporting entities, with PBE/NFP guidance added to the extent necessary to address issues affecting PBEs/NFPs.

The PBE/NFP guidance could be reviewed and updated in the light of subsequent developments, such as the completion of Phase G of the IASB-FASB Conceptual Framework project and the completion of the IPSASB's Conceptual Framework.

The aspects on which PBE/NFP guidance should be added to the IASB *Framework* chapter on the Objective are to:

- (a) repeat paragraph Aus15.1 of the AASB *Framework* regarding resource providers being interested in an entity's ability to achieve its non-financial objectives; and
- (b) note the broader range of primary users of financial reports of PBEs/NFPs.

The cross-reference to SAC 2 *Objective of General Purpose Financial Reporting* in the existing AASB *Framework* should be excluded from the AASB *Framework* when the Objective chapter is added.

The PBE/NFP guidance, and the omission of SAC 2 from the AASB *Framework*, would not warrant public exposure.

Attachment

Agenda Paper 11.2 Staff Paper: “New *Framework* chapters: application by public benefit entities/not-for-profit entities”