



Australian Government  
Australian Accounting Standards Board

## Memorandum

<b>To:</b>	<b>AASB members</b>	<b>Date:</b>	14 May 2013
<b>From:</b>	<b>Jim Paul</b>	<b>Agenda Item:</b>	11.1 (M131)
<b>Subject:</b>	<b>IASB Conceptual Framework Developments (Draft Discussion Paper)</b>	<b>File:</b>	

### Actions

This is a non-deliberative high-level educational session on some developments to date on the IASB's draft discussion paper (DP) in its Conceptual Framework project. Although the Board will not be asked to make decisions, tentative leanings of Board members on the issues in the attached papers (particularly the AASB Staff Issues Paper) would be most welcome.

Inputs to this session are:

- the attached papers (Agenda Papers 11.2 – 11.10); and
- a verbal PowerPoint-based presentation from staff on those papers.

This session will be focused on IASB staff papers covering two key topics in the IASB's draft DP (namely: presentation in the statement of comprehensive income, and measurement) and ancillary IASB staff papers (e.g. on the use of an entity's 'business model' in the Conceptual Framework). These topics have broad implications for the draft IASB Framework and give rise to significant potential concerns. Some other topics (carried forward to future AASB meetings) appear to have narrower implications or give rise to less significant potential concerns, or seem more complex or more finely nuanced (e.g. guidance on the definition of a liability).

### Attachments

Agenda Paper 11.2	AASB Staff Issues Paper on <i>IASB Conceptual Framework Developments (Draft Discussion Paper)</i> [TO BE EMAILED SHORTLY]
Agenda Paper 11.3	IFRS Staff Paper – for Accounting Standards Advisory Forum (ASAF) April 2013 meeting – ASAF paper 2a: Conceptual Framework Cover Paper [previously distributed as Agenda Paper 12.2 for AASB Meeting No. 130 (10 April 2013)]
Agenda Paper 11.4	IFRS Staff Paper – for IASB's April 2013 meeting – Agenda Paper 10: Cover Note

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Agenda Paper 11.5	IFRS Staff Paper – for IASB’s April 2013 meeting – Agenda Paper 10H(a): Presentation in the statement of comprehensive income – profit or loss and OCI
Agenda Paper 11.6	IFRS Staff Paper – for IASB’s April 2013 meeting – Agenda Paper 10F(a): Measurement
Agenda Paper 11.7	IFRS Staff Paper – for IASB’s April 2013 meeting – Agenda Paper 10F(b): Measurements in existing and proposed IFRSs (draft appendix)
Agenda Paper 11.8	IFRS Staff Paper – for IASB’s April 2013 meeting – Agenda Paper 10J(a): Capital maintenance
Agenda Paper 11.9	IFRS Staff Paper – for IASB’s April 2013 meeting – Agenda Paper 10K: The use of ‘business model’ in the Conceptual Framework
Agenda Paper 11.10	ASAF Meeting Summary – April 2013 (copy from IASB website)
Agenda Paper 11.11	AASB Staff PowerPoint-based presentation (copy of slides to be tabled)

## Background

### IASB Discussion Paper

The IASB is developing a DP on the Conceptual Framework (excluding the chapters already issued on the Objective and Qualitative Characteristics and the previously exposed draft of a Reporting Entity chapter). The IASB held decision-making sessions on project issues papers at its February, March and April 2013 meetings. At its forthcoming May 2013 meeting, the IASB will consider due process for the DP (e.g. the appropriate length of the comment period, and providing permission to staff to prepare a ballot draft of the DP), but not technical issues regarding the DP’s content.

The IASB aims to publish the DP in early July 2013, and the IFRS staff paper for the May 2013 IASB meeting suggests an 120-day comment period for the DP (though it notes some members of ASAF suggested a six-month comment period).

As mentioned above, only some of the IFRS Staff Papers (which include draft chapters of the IASB DP) are included in the agenda papers for this AASB meeting. Board members can access any of the IASB agenda papers prepared since the project was reactivated by selecting the following weblink:

<http://www.ifrs.org/Current-Projects/IASB-Projects/Conceptual-Framework/Pages/Board-Discussions-Current-Stage-CF.aspx>

### Brief Comments on the Context of the Attached Papers

Agenda Paper 11.2	The AASB Staff Issues Paper identifies discussion points for the Board meeting session. The context/background for those questions is provided in the attached selected IFRS Staff Papers; further background will be provided in the staff presentation at the Board meeting.
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Agenda Papers 11.3 and 11.10	<p>The IFRS Staff Paper for the April 2013 ASAF meeting (AASB Agenda Paper 11.3) provides background to the IASB's work on developing a DP, and summarises discussions at the IASB meetings in February and March 2013 (note these include discussion of topics not being addressed at the forthcoming AASB meeting). [We mention this paper was previously distributed as Agenda Paper 12.2 for AASB Meeting No. 130 (10 April 2013) in case Board members have annotations on that previous paper they wish to carry forward.]</p> <p>AASB Agenda Paper 11.10 is the IASB Summary of the ASAF meeting. Please note that Agenda Paper 3.7 (in Other Business) for this AASB meeting also provides an AASB staff summary of that ASAF meeting.</p>
Agenda Paper 11.4	<p>This IFRS Staff Paper is a Cover Note included in these agenda papers solely in respect of the draft table of contents of the IASB DP (see Appendix in that paper). This is to help AASB members see the basic architecture of the DP and place the selected papers for this Board meeting session in the context of the entire DP.</p>
Agenda Papers 11.5 and 11.6	<p>These are the <b>main IFRS Staff Papers</b> that will be discussed at the Board meeting session. The other attached IFRS Staff Papers provide additional context to them.</p>
Agenda Paper 11.7	<p>This draft Appendix to the draft Measurement chapter in the IASB DP is provided as background information to Agenda Paper 11.6.</p>
Agenda Paper 11.8	<p>The IFRS Staff Paper on the concept of capital maintenance is included because the role of that concept is mentioned in both of the main agenda papers (11.5 and 11.6) for this AASB meeting session.</p>
Agenda Paper 11.9	<p>The IFRS Staff Paper on the use of 'business model' in the Conceptual Framework is included because the notion of 'business model' is an important potential factor in deciding whether the concept of 'other comprehensive income' should be included in the statement of comprehensive income (however named) and, if so, how it should be defined (see Agenda Paper 11.5). It also is an important potential factor in deciding whether to remeasure assets and liabilities (see Agenda Paper 11.6).</p>