



Australian Government
Australian Accounting Standards Board

Memorandum

To:	AASB Members	Date:	9 October 2013
From:	Clark Anstis, Lisa Panetta and Joanna Spencer	Agenda Item:	15.1 (M134)
Subject:	Australian Implementation Guidance for NFP Entities re Control and Structured Entities	File:	

Action

To consider sweep issues concerning the pre-ballot draft of the authoritative Australian implementation guidance with a view to providing staff with directions for finalising the guidance.

Attachment

15.2 Issues paper – Implementation Guidance Sweep Issues.

Overview

The purpose of the Board's discussion at this meeting is to consider significant issues raised by members in response to the Pre-Ballot Draft of Accounting Standard AASB 2013-X *Amendments to Australian Accounting Standards – Implementation Guidance for Not-for-Profit Entities – Consolidated Financial Statements and Structured Entities*. The pre-ballot draft was distributed to members on 28 September 2013, for comment by 7 October in respect of sweep issues and by 14 October in respect of editorials.

Following the receipt of editorial comments from Board members, staff will circulate a ballot draft to members in the week prior to the October Board meeting. The ballot draft will address the editorial comments and incorporate the staff view on the sweep issues (see agenda paper 15.2). The ballot draft will be updated as required at or after the meeting for the decisions at the meeting on the sweep issues. The ballot draft initially will specify a post-Board meeting voting deadline in October, but the deadline will be subject to decisions at the meeting.

Staff will endeavour to obtain views on the sweep issues from members who will be absent from the October meeting, and report any concerns they raise at the meeting. Resolving the sweep issues at the meeting should enable Board members to vote on the finalised implementation guidance shortly after the meeting.

Background

AASB 10 *Consolidated Financial Statements* was issued in August 2011, for application by both for-profit entities and not-for-profit entities (whether in the private sector or the public sector) to reporting periods beginning on or after 1 January 2013. NFP entities were not permitted to apply the Standard early, pending the development of Aus paragraphs or other Australian material to

assist them in applying AASB 10. In December 2012, the Board deferred the application of AASB 10 by NFP entities until 1 January 2014. However, NFP entities may apply AASB 10 early to reporting periods beginning on or after 1 January 2013 but before 1 January 2014.

The Board issued ED 238 *Consolidated Financial Statements – Australian Implementation Guidance for Not-for-Profit Entities* at the end of March 2013 with a comment deadline of 30 June 2013. The ED proposed Australian implementation guidance for both AASB 10 and AASB 12 *Disclosure of Interests in Other Entities*.

The 12 submissions received (including one confidential submission) were considered by the Board at its September 2013 meeting, in conjunction with a staff collation of the submissions. The Board provided staff with directions for developing the pre-ballot draft of the implementation guidance.

Sweep Issues

The following issues have been raised for discussion at the October meeting:

- independent statutory offices and government control of their organisations (paragraph IG10 in the pre-ballot draft); and
- the distinction between substantive rights and protective rights, and whether particular rights referred to in some of the examples have been appropriately classified in various places in the draft implementation guidance.

These issues are addressed in the attached issues paper.

Voting on the Implementation Guidance

As noted in the overview above, the objective is to have Board members vote prior to the end of October on the Accounting Standard that would add the implementation guidance to AASB 10 and AASB 12. To this end, the ballot draft will be updated following the discussion at the meeting to reflect the decisions at the meeting. Depending on the extent of revision and redrafting required, members may be able to vote at the meeting or may need to wait for the distribution of revised paragraphs affected by the sweep issues before voting.

Question for the Board

- Q1 Does the Board support voting on the implementation guidance for promulgation as amendments to AASB 10 and AASB 12 following updating of the ballot draft for decisions at the meeting?