



Australian Government
Australian Accounting Standards Board

Memorandum

| | | | |
|-----------------|--|---------------------|-----------------|
| To: | AASB Members | Date: | 28 January 2014 |
| From: | Joanna Spencer | Agenda Item: | 12.1 (M136) |
| Subject: | IPSASB EDs on Interests in Other Entities | File: | |

Action

To decide whether to make submissions to the IPSASB on the following Exposure Drafts (EDs):

- ED 48 *Separate Financial Statements*;
- ED 49 *Consolidated Financial Statements*;
- ED 50 *Investments in Associates and Joint Ventures*;
- ED 51 *Joint Arrangements*; and
- ED 52 *Disclosure of Interests in Other Entities*;

and, if so the broad nature of the comments to be made.

Attachments

12.1.1 IPSASB 'At a Glance' document *Interests in Other Entities – Summary of Five Exposure Drafts*

12.2 AASB Staff Issues Paper – IPSASB ED 48 *Separate Financial Statements*

12.2.1 IPSASB ED 48 *Separate Financial Statements*

12.3 AASB Staff Issues Paper – IPSASB ED 49 *Consolidated Financial Statements*

12.3.1 IPSASB ED 49 *Consolidated Financial Statements*

12.4 AASB Staff Issues Paper – IPSASB ED 50 *Investments in Associates and Joint Ventures*

12.4.1 IPSASB ED 50 *Investments in Associates and Joint Ventures*

12.5 AASB Staff Issues Paper – IPSASB ED 51 *Joint Arrangements*

12.5.1 IPSASB ED 51 *Joint Arrangements*

12.6 AASB Staff Issues Paper – IPSASB ED 52 *Disclosure of Interests in Other Entities*

12.6.1 IPSASB ED 52 *Disclosure of Interests in Other Entities*

Background

These EDs propose to update the requirements of IPSAS 6 *Consolidated and Separate Financial Statements*, IPSAS 7 *Investments in Associates* and IPSAS 8 *Interest in Joint Ventures* as part of the IPASB's ongoing improvements to IPSASs. All five ED have been developed with having regard to the following IFRSs:

- IFRS 10 *Consolidated Financial Statements*;
- IFRS 11 *Joint Arrangements*;
- IFRS 12 *Disclosure of Interests in Other Entities*;
- IAS 27 *Separate Financial Statements* (as amended in 2011); and
- IAS 28 *Investments in Associates and Joint Ventures* (as amended in 2011).

However, the IPSASB has proposed changes to these standards to make them appropriate for application in the public sector.

These EDs play a key part in the IPSASB strategy to converge IPSASs to IFRSs where possible.

The five EDs retain some of the fundamental requirements of IPSASs 6-8 but also propose the following changes:

- new definitions for 'control' and 'joint control';
- new categories of entities – 'investment entity' and 'structured entity';
- new classifications of joint arrangements;
- removal of proportionate consolidation as a method of accounting for a joint arrangement; and
- all disclosures to be located in one standard.

The due date for comment on all five EDs is 28 February 2014.

Staff Recommendations

Staff recommend that the AASB prepare submissions to the IPSASB on these five EDs.

Question for the Board

Q1 Does the Board agree with the staff recommendation to make submissions to the IPSASB?

If the Board agrees with the staff recommendations to make submissions, members should decide how the submissions will be finalised. The three usual choices are:

- (a) circulate draft submissions to all members for comment;
- (b) circulate draft submissions to a sub-committee of members appointed for the purpose;
and
- (c) leave finalisation of the submissions to the Chairman.

Due to the short period between this meeting and when the submissions are due, staff recommend that the submissions be finalised by the Chairman out-of-session.

Question for the Board

Memorandum

| | |
|----|--|
| Q2 | Does the Board agree with the staff recommendation that the Chairman should finalise the submissions out-of-session? |
|----|--|