



<b>To:</b>	<b>AASB members</b>	<b>Date:</b>	13 May 2014
<b>From:</b>	<b>Jim Paul and Glenn Brady</b>	<b>Agenda Item:</b>	16.1
<b>Subject:</b>	<b>Income from Transactions of Not-For-Profit Entities: Summary of project developments and staff project plan</b>	<b>File:</b>	

## Actions

Receive a presentation from AASB staff on the AASB's *Income from Transactions of Not-For-Profit Entities* project and consider the project plan below.

## Attachments

Agenda Paper 16.2    Copy of PowerPoint slides entitled *Income from Transactions of Not-For-Profit Entities: Summary of project developments and staff project plan*

## Overview

The AASB staff presentation (to which Agenda Paper 16.2 relates) will focus particularly on the AASB's key tentative decisions to date regarding the proposed modifications to the expected IFRS *Revenue from Contracts with Customers* that would be included in the AASB ED *Income from Transactions of Not-For-Profit Entities*. The IASB has announced an intention to issue that IFRS during May 2014.

The presentation will also briefly describe key aspirational project milestones, which are set out in more detail in the project plan in the table on pages 2 – 3 below. The estimated timing of the target milestones is subject to a range of factors beyond the control of the project team. The estimated timing is provided to give a broad sense of the sequence of the steps and an indication of how long each step might take.

## Brief background on draft AASB ED

The draft AASB ED proposes requirements for the recognition, measurement, presentation and disclosure of income from transactions of Australian not-for-profit entities (NFPs) in the public and private sectors that would replace AASB 118 *Revenue*, AASB 111 *Construction Contracts* and the income recognition requirements of AASB 1004 *Contributions*. It is the result of the AASB's redeliberation of its proposals in ED 180 *Income from Non-exchange Transactions (Taxes and*

*Transfers*)<sup>1</sup> [June 2009] in the light of the 31 comment letters (and other feedback) received on that ED.

ED 180 was closely based on International Public Sector Accounting Standard IPSAS 23 *Revenue from Non-Exchange Transactions (Taxes and Transfers)*. After reviewing the feedback on ED 180, the Board decided not to proceed with its proposals and instead to propose different requirements, based on IASB ED/2010/6 *Revenue from Contracts with Customers* (June 2010) and updated for the IASB's proposals in its Re-Exposure Draft ED/2011/6 *Revenue from Contracts with Customers* (November 2011).

The AASB originally planned to base its new ED on IASB ED/2011/6. The AASB subsequently decided that, because the Revenue IFRS was likely to differ from the proposals in IASB ED/2011/6 and (at the time) was targeted for imminent issue by the IASB, the AASB would base its new ED on the issued IFRS instead of IASB ED/2011/6. The AASB has expressed its intention to issue the ED as soon as feasible after the IFRS is issued, and around the same time that the AASB issues the Australian Accounting Standard that incorporates, without modification, the IFRS on Revenue.

## Question for Board members

Do Board members have any comments on the project plan below?

## AASB target milestones

Quarter	Target milestone
May – mid-July 2014	<p><b>28 – 29 May 2014 AASB meeting</b></p> <ul style="list-style-type: none"> <li>Board receives presentation on project developments and key NFP modifications of the expected IFRS <i>Revenue from Contracts with Customers</i> tentatively decided by the AASB at previous meetings</li> <li>Board considers project plan</li> </ul> <p><b>Out of session: May – July 2014</b></p> <ul style="list-style-type: none"> <li>AASB staff complete remaining drafting of NFP modifications, including implementation guidance, illustrative NFP examples and Basis for Conclusions on the draft ED <i>Income from Transactions of Not-For-Profit Entities</i>, based on previous tentative decisions of the AASB</li> <li>AASB staff identify changes in the IFRS on Revenue since the related IASB ED that might affect the NFP modifications tentatively decided by the AASB on the working assumption that the IFRS is unchanged from the ED</li> <li>Constituent outreach by AASB staff, as appropriate</li> </ul> <p><b>16 – 17 July 2014 AASB meeting</b> (if agenda item is necessary)</p> <ul style="list-style-type: none"> <li>Regarding the draft NFP modifications that were based on the IASB ED on Revenue, the Board considers any key issues arising from the finalised text of the IFRS on Revenue</li> </ul>

<sup>1</sup> Also issued simultaneously by the New Zealand Financial Reporting Standards Board as FRSB ED 118.

# Memorandum

Quarter	Target milestone
<b>Mid-July – September 2014</b>	<p><b>Out of session: July – August 2014</b></p> <ul style="list-style-type: none"> <li>• AASB members comment on pre-ballot draft of ED (9 days: around late July)</li> <li>• After addressing any comments on the pre-ballot draft of the ED, AASB staff distribute draft Tier 2 disclosure requirements to the AASB’s Differential Reporting Subcommittee (7 days: around early/mid-August)</li> </ul> <p><b>3 – 4 September 2014 AASB meeting</b></p> <ul style="list-style-type: none"> <li>• AASB staff present paper on any sweep issues on the pre-ballot draft ED</li> </ul> <p><b>Out of session: September 2014</b></p> <ul style="list-style-type: none"> <li>• AASB staff finalise ballot draft of ED</li> <li>• AASB members vote on ballot draft of ED (9 days)</li> <li>• Issue AASB ED for 120-day comment</li> </ul>
<b>Q4, 2014</b>	<p><b>October – December 2014</b></p> <ul style="list-style-type: none"> <li>• AASB members and staff conduct targeted outreach including: <ul style="list-style-type: none"> <li>○ Roundtables; and</li> <li>○ presentations at various forums.</li> </ul> </li> </ul> <p>This outreach would include continuing consultations on costs and benefits, and obtaining quantitative data to the extent feasible, in light of Office of Best Practice Regulation (OBPR) requirements.</p>
<b>Q1 – Q2 2015</b>	<p><b>Late January/early February 2015</b></p> <ul style="list-style-type: none"> <li>• AASB ED comment period closes</li> </ul> <p><b>February – June 2015</b></p> <ul style="list-style-type: none"> <li>• Board redeliberates AASB ED proposals, including consideration of key comments in submissions received, and identified in AASB staff’s analysis of submissions and summary of feedback from targeted outreach</li> <li>• Board provides directions to AASB staff for finalising an Australian Accounting Standard</li> <li>• Draw together information gathered to date to address OBPR requirements</li> </ul>
<b>Q3, 2015</b>	<p><b>July – September 2015</b></p> <ul style="list-style-type: none"> <li>• AASB staff prepare pre-ballot and ballot drafts of an Australian Accounting Standard</li> <li>• AASB members comment on pre-ballot and ballot drafts of an Australian Accounting Standard</li> <li>• Australian Accounting Standard issued</li> </ul>
<b>Q4, 2015 – Q3, 2016</b>	<p>AASB staff give presentations on the Australian Accounting Standard at various forums</p>