



Memorandum

To:	AASB and FRSB members	Date:	1 March 2011
From:	Joanne Scott	Agenda Item:	J10.1
Subject:	IPSASB Conceptual Framework Consultation Paper: Elements and Recognition	File:	P/PSC 46

Actions

Identify issues and related views to guide staff in drafting Board comment letters on the IPSASB Consultation Paper (CP) on *Conceptual Framework: Elements and Recognition*.

The attached staff paper structures the discussion of issues around each Specific Matter for Comment in the IPSASB CP, in sequential order. Staff suggest the greatest emphasis in the joint Board discussion be given to Specific Matters for Comment numbers 2, 4, 6 and 7. In this regard:

- Specific Matter for Comment 2 includes a question about the approach for associating an asset with an entity. Since assets are the cornerstone of the elements, this seems an important issue to discuss. One aspect of potential interest is whether ‘risks and rewards’ should be rejected as a factor or approach.
- Specific Matter for Comment 4 asks whether public sector entity rights and powers (e.g., the right or power to tax and to issue licences) meet the definition of an asset. This is an important public-sector-specific issue that can test the robustness of various notions of an asset.
- Specific Matter for Comment 6 asks which categories of obligations should be encompassed by the definition of a liability. This seems an important issue to discuss, given the range of public-sector-specific issues regarding liabilities (e.g., social benefit obligations), and because it includes the contentious question of whether ‘obligations to provide access to or forego future resources’ should be encompassed by the definition of a liability.
- Specific Matter for Comment 7 asks questions about how to link an obligation with a specific entity, including whether obligations must arise from exchange transactions. It is closely related to Specific Matter for Comment 6.

At the meeting, staff will provide an update on an IPSASB education session on the issue in Specific Matter for Comment 11.

Attachments

Agenda Papers	Title
J10.2	IPSASB Consultation Paper <i>Conceptual Framework for General Purpose Financial Reporting by Public Sector Entities: Elements and Recognition in Financial Statements</i> [previously distributed to AASB members (as Agenda Paper 10.2 for this meeting) and to FRSB members]
J10.3	IPSASB Consultation Paper Summary: Phase 2 of 4— <i>Elements and Recognition in Financial Statements</i> [previously distributed to AASB members (as Agenda Paper 10.3 for this meeting) and to FRSB members]
J10.4	Staff Paper on IPSASB Conceptual Framework CP: Phase 2 – Elements and Recognition