



To:	AASB members	Date:	1 March 2011
From:	Ahmad Hamidi	Agenda Item:	8.1
Subject:	Differential reporting research project update	File:	P 52

Action

Consider an update on the differential reporting research project.

Background

Apart from the proposal to establish a second tier for general purpose financial statements (GPFSS), ED 192 *Revised Differential Reporting Framework*, the predecessor to AASB 1053, included proposals for changing the focus of application of Standards from reporting entity to GPFSS and clarifying the meaning of GPFSS in an Australian context. Conflicting comments on those proposals (see AASB 1053, paragraphs BC13 to BC16) led to the Board's decision to defer a decision on the proposals pending further research into the incidence and nature of special purpose financial reporting.

Update

So far the research project has gone through a number of stages:

(a) identifying research issues

Initially staff and the researchers identified relevant research issues, a preliminary draft of which was sent to Subcommittee members for comment and a teleconference was held with members to hear their views on the draft. The draft was finalised through liaison with the researchers.

The thrust of the research is to profile the characteristics of lodging entities and their accounting policies with a view to shedding some light on (a) whether there is a consistency in the population of entities currently branded as non-reporting entities; and (b) the nature of the accounting policy choices being made by non-reporting entities.

(b) establishing contact with other regulators and arranging access to lodged financial statements

Contacts were made and, in many cases, teleconferences were held with:

- (i) staff from the ASIC and state registrars of cooperatives and associations in regard to financial statements lodged and the access to those financial statements by researchers; and
- (ii) staff of Commonwealth and State and Territory Treasuries regarding the existence and types of special purpose financial statements in the public sector.

Apart from facilitating the research projects, the above contacts were made with a view to establishing ongoing liaison with those regulators and sharing views on issues of common interest on a continuing basis.

(c) *securing preliminary data on lodging entities for sampling purposes and informing regulators of selected samples*

Preliminary data from regulators about lodging entities were secured and sampling lists from researchers were conveyed to the regulators. At the time of writing this memo, sampled financial statements are expected to be delivered to researchers.

A detailed verbal update on the state of the research project will be provided at the meeting.