

**AASB's GAAP/GFS Convergence Project Advisory Panel**  
**Consultation Paper No. 2 - December 2003. For response by 31 January 2004**

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**Request for Panel member comments on GAAP/GFS convergence issues**  
**(with particular reference to matters raised in a submission to the AASB by the**  
**Heads of Treasuries Accounting and Reporting Advisory Committee)**

**Background**

This Consultation Paper No.2 is the second in a series relating to the AASB's GAAP/GFS Convergence Project. Consultation Paper No.1, which was issued to Project Advisory Panel members on 18 November 2003, provides the background to the Project and outlines the AASB's guiding principles concerning GAAP/GFS convergence.

The attached papers, submitted to the AASB by the Heads of Treasuries Accounting and Reporting Advisory Committee (HOTARAC) as input to the AASB's deliberations on GAAP/GFS convergence, raise a number of issues and include various recommendations for achieving GAAP/GFS convergence.<sup>1</sup> The submission follows on from, and relates closely to issues raised in the earlier submission by Heads of Treasuries (HOTs) that was the subject of Consultation Paper No.1. It aims, in part, to provide what HOTARAC regard as compelling reasons to support a number of the conceptual views put forward in the HOT's submission.

This Consultation Paper draws out the main issues identified in the HOTARAC submission upon which the AASB is seeking input from Panel members. Panel members' comments on the issues, together with comments on Consultation Paper No.1, will be considered by the AASB in making its final decisions for inclusion in an Exposure Draft.

**Guide to answering questions**

The AASB is seeking Panel members' views and, importantly, the reasons for those views, to be submitted to the AASB by **31 January 2004**. To provide a context, the text boxes following the questions contain preliminary AASB views – some of which clarify or modify the preliminary views to certain issues in Consultation Paper No.1.

Some of the questions in this Consultation Paper ask whether Panel members wish to supplement their responses to specific questions in Consultation Paper No.1. In those cases, Panel members may wish to include any supplementary comment as part of their response to Consultation Paper No.1 (requested by 31 January 2004), rather than in response to this Consultation Paper – would you please indicate in your response which approach you have taken.

As with Consultation Paper No.1 this Consultation Paper potentially has implications for all public sector entities. Some of the questions in this Consultation Paper may be more pertinent to a particular type of public sector entity than other questions. Anticipating that decisions the AASB makes in Phase 1 (relating to Commonwealth, State and Territory governments and covering whole of government, sector and budget outcome reporting) may

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<sup>1</sup> The papers were prepared by the HOTARAC GFS/GAAP Convergence Working Group and endorsed by HOTARAC. They are provided as they were submitted by HOTARAC to the AASB. The "Users and Uses" Paper referred to in the HOTARAC covering letter is not attached, as it was included in the Heads of Treasuries papers attached to Consultation Paper No.1. Although a representative of the Board, another Board member and two AASB staff members participated in the HOTARAC GFS/GAAP Convergence Working Group, the AASB has not reviewed, for example, the papers' descriptions of accounting treatments for their technical accuracy nor completeness.

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flow-through to Phase 2 (relating to entities within the GGS, including government departments currently within the scope of AAS 29 "Financial Reporting by Government Departments") and, ultimately, Phase 3 (relating to other public sector entities including local governments, universities and government controlled non-GGS entities), all Panel members are asked to respond to all questions where possible.

The matters dealt with in the questions are:

Question 1: Conceptual issues :

- 1.1: implications of a different public sector business model (compared with the private sector) for accounting standards applying to the public sector;
- 1.2: GGS reporting;
- 1.3: whether and how GFS analytical balances should be included on the face of primary financial statements;<sup>2</sup> and
- 1.4: the treatment in financial statements of differences between the "converged" GFS and ABS GFS numbers;

Question 2: Specific technical issues where HOTARAC recommends adoption of current GAAP (rather than GFS), with disclosure of GFS information where appropriate:

- 2.1: (a) constructive obligations and (b) accounting for future income tax benefit/deferred tax liability; and

Question 3: Other Specific Technical issues:

- 3.1: inventories.

### **QUESTION 1. Conceptual Issues**

(See HOTARAC paper "GFS/GAAP Convergence – Conceptual Issues")

1.1 In the light of the HOTARAC discussion and analysis of the implications of a different public sector business model (compared with the private sector) for accounting standards applying to the public sector:

(a) what is your view on the HOTARAC conclusion that:

"accounting standards applying to the public sector cannot be totally sector neutral, but will need to specifically consider the impact of proposed accounting treatments in a public sector context" (page 12 of the HOTARAC Conceptual Issues paper); and

(b) do you wish to supplement your answer to question 14 "Convergence of private sector and public sector accounting standards" in Consultation Paper No.1?

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<sup>2</sup> The HOTARAC paper uses the term "GFS aggregates" whereas Consultation Paper No.1 uses the term "GFS analytical balances". This Paper continues to use the term "GFS analytical balances" except where it quotes directly from the HOTARAC paper and the quote uses the term "GFS aggregates".

(Discussion of this issue is included in the first dot point on page 1 of the HOTARAC Working Group Summary of Conclusions, and in the HOTARAC Conceptual Issues Paper in the Executive Summary, the section headed "The Public Sector – a Different Business Model" and Attachment 1).

**Preliminary AASB view**

The AASB acknowledges that the public sector business model has different features from the model applying in the private sector. For example, as outlined in Attachment 1 to the HOTARAC Conceptual Issues paper:

- many public sector entities are not driven by commercial objectives of profitability and shareholder wealth maximisation. As a result the whole of government reporting entity is not commercial in nature;
- the publicly released government budget and budget outcomes report provide a major focus of public scrutiny of government financial activities, and focus on a particular sector which is primarily responsible for the delivery of key goods and services associated with government. The budget documents are public statements about the allocation of scarce resources; and
- GFS analytical balances such as net lending/borrowing and cash surplus/deficit are relevant for analysing the economic impact of the GGS on the rest of the economy.

In considering this question Panel members should bear in mind the following AASB guiding principle in relation to definition, recognition and measurement, as articulated in Consultation Paper No.1:

"As a broad guiding principle the AASB has adopted the preliminary view that, in the interest of neutrality of standards between the public sector and the private sector, unless there are compelling reasons to do otherwise, GAAP definition, recognition and measurement requirements should be adopted..." (Consultation Paper No.1 page 2)

The AASB notes, consistent with the sector neutral principle, that there may be different requirements in accounting standards for the public sector where the public sector faces circumstances that are not expected to arise in (or are not significant for) the private sector. For example:

- the AASB's guiding principle articulated in Consultation Paper No.1 effectively anticipates that in relation to financial performance reporting, requirements for the public sector may differ from the private sector because of different circumstances. See in particular the preliminary view to question 4.1.1 in Consultation Paper No.1;
- related to this is the AASB's preliminary view in questions 4.2 and 4.4 of Consultation Paper No.1 (dealing with the disclosure of GFS analytical balances in financial reports), which anticipates amendments to GAAP to require public sector financial statements to incorporate GFS analytical balances on the face of the statements;
- in Exposure Draft ED 120 "Request for Comment on IAS 16 and IPSAS 17 Property, Plant and Equipment" it is proposed to require for not-for-profit entities that, where an asset is acquired at no cost or for a nominal cost, its cost is its fair value as at the date of acquisition; and
- in Exposure Draft ED 109 "Request for Comment on IASB ED 3 "Business Combinations", IASB ED of Proposed Amendments to IAS 36 "Impairment of

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Assets" & IAS 38 "Intangible Assets" and AASB added material" it is proposed to prescribe the procedures to be applied by a not-for-profit entity when measuring the value in use of assets that are not primarily dependent on net cash inflows.

As noted in Consultation Paper No.1, it is relevant to note that to the extent that the GAAP/GFS convergence solution (to be developed through this AASB project) results in the GAAP applicable to public sector entities being different from IASB Standards post 1 January 2005, it would lead to public sector reporting entities not being able to make an unreserved statement that their general purpose financial reports are in accordance with IASB Standards.

- 1.2 The additional material provided by HOTARAC in relation to GGS financial reporting relates to the views contained in the earlier HOT's submission (particularly the view that the GGS is a reporting entity).

In the light of the HOTARAC further discussion and analysis of financial reporting by the GGS if it is treated as a reporting entity, as a sector of government and/or as a parent entity:

- (a) do you wish to supplement your answers to the following questions in Consultation Paper No.1:
  - (i) question 2 (dealing with the GGS as a reporting entity); and
  - (ii) question 3 (dealing with the GGS as a sector of whole of government);
- (b) do you consider that reporting of the GGS as a parent entity in a consolidated whole of government general purpose financial report would be appropriate; and
- (c) what is your view on the idea that private sector notions of control are not appropriate in relation to the GGS consolidation of GGS investments in certain non-GGS entities (although it is appropriate in a whole of government context)?

(Discussion of this issue is included in the second dot point on page 1 of the HOTARAC Working Group Summary of Conclusions, and in the HOTARAC Conceptual Issues Paper in the Executive Summary, the section headed "General Government Sector Reporting", Recommendations and Attachments 2 to 2-4 and 4-1 to 4-3 (the latter being illustrations of financial reports that treat the GGS as a reporting entity, as a sector of government and as a parent entity)).

**Preliminary AASB view**

*Issue (a)*

The additional material provided by HOTARAC may be useful to Panel members in considering question 2 (dealing with the GGS as a reporting entity) and question 3 (dealing with the GGS as a sector of whole of government) in Consultation Paper No.1. However, it does not change the preliminary AASB views expressed in Consultation Paper No.1 in relation to those questions – particularly in light of the fact that in relation to question 2.2:

“The AASB will await the input from Panel members before forming a

preliminary view on whether the GGS should be exempted from consolidating all controlled entities in general purpose financial reports. (Consultation Paper No.1 page 7)

*Issue (b)*

In relation to whether the GGS should be viewed as a parent entity within an economic entity, the preliminary AASB view is that the GGS is not directly comparable with a parent entity because the GGS includes what is generally regarded as the government parent entity plus other entities. Consequently the scope of the government parent entity financial report could vary considerably from the scope of a GGS financial report that does not consolidate certain controlled entities.

*Issue (c)*

The HOTARAC Conceptual Issues Paper identifies (in relation to certain GGS investments in non-GGS entities) that the GGS control of those non-GGS entities may be impaired by political and social constraints (for example). The HOTARAC paper recommends that the AASB consider whether private sector definitions of control are appropriate for the public sector in the context of the GGS and whether the GGS might be exempted from the "broadening impacts of the consolidation Standard" (see page 9 of the HOTARAC Conceptual Issues paper).

The AASB acknowledges that the notion of control in a public sector context warrants guidance, as is evident from the extensive commentary in AAS 31 "Financial Reporting by Governments" which contains a discussion, in section 9, of control in the context of consolidation in whole of government reports. However, a less encompassing notion of control for the GGS (compared with whole of government) cannot be justified conceptually, and therefore does not provide a basis for justifying "partial consolidation". The GAAP notion of control (as clarified through commentary in AAS 31) provides useful information to users and should be retained. However, because financial information about the GGS prepared on a "partial consolidation" basis also provides useful information to users (as is evident from the HOT's "Users and Uses" Paper attached to Consultation Paper No.1), that information can be provided in the context of whole of government financial reporting, and extracted from that general purpose financial report as outlined in the AASB's preliminary view to question 3.5 in Consultation Paper No.1.

While the AASB has concerns about amending the notion of control that underlies consolidations for the GGS compared with the whole of government, it is noted that question 2.2 in Consultation Paper No.1 asks:

"If GGS is regarded as a reporting entity that under current GAAP would be required to fully-consolidate all the entities that it controls (rather than recognise certain controlled entities as a "one-line" investment in entities in other sectors), do you believe that there are compelling reasons for the GGS to be exempted from fully consolidating certain controlled entities (being controlled non-GGS entities) in preparing its general purpose financial reports?"

The following AASB preliminary view on question 2.2 (as contained in Consultation Paper No.1), continues to be appropriate:

"The AASB will await the input from Panel members before forming a preliminary view on whether the GGS should be exempted from consolidating

all controlled entities in general purpose financial reports.

The view held by some that the GGS does not control the entities in the other sectors, rather all three sectors (GGS, public non-financial corporations sector and public financial corporations sector) are part of an economic entity controlled by Executive Government (which is outside the GGS), is acknowledged. If this view is adopted, the investments in non-GGS entities would be considered to be administered by the GGS and therefore not recognised in the GGS financial statements. Such a consequence has implications for the response to question 2.3. The preliminary view is that the GGS controls the entities in the other sectors because it controls the investments in those entities (and the level of its investments in those entities is sufficient to give it control).”

- 1.3 This question focuses on the appropriate display/presentation of GFS analytical balances, namely net operating balance, net lending/borrowing, net worth and cash surplus/(deficit). It does not deal with the question of whether such balances should be calculated on a “converged” GAAP basis or an ABS GFS basis – that issue is dealt with in question 1.4.<sup>3</sup>

In the light of the HOTARAC discussion and analysis of the disclosure of GFS analytical balances in “converged” financial statements:

- (a) do you wish to supplement your answers to the following questions in Consultation Paper No.1:
- (i) question 4.2 (dealing with how GFS analytical balances such as net lending/borrowing and GFS net operating balance should be disclosed); and
  - (ii) question 4.4 (dealing with how GFS analytical balances relating to the statement of cash flows such as “cash surplus/(deficit)” should be disclosed); and
- (b) what is your view on the HOTARAC proposal that the GFS analytical balance “net worth” should be included on the face of the primary financial statements for the public sector?

(Discussion of this issue is included in the third dot point on page 1 of the HOTARAC Working Group Summary of Conclusions, and in the HOTARAC Conceptual Issues Paper in the Executive Summary, the section headed “Where can key GFS aggregates be displayed in “converged” financial reports?”, Recommendations, Attachments 3 to 3-2 and the pro-forma statements in Attachments 4-1 to 4-3).

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<sup>3</sup> “Converged” GAAP refers to GAAP as it will emerge as a result of the GAAP/GFS convergence project. Thus it will include the adoption of IASB 2005 and it may include, for example, in line with preliminary AASB views in Consultation Paper No.1, the presentation of comprehensive income, disaggregated into transactions and other economic flows. ABS GFS refers to the system of GFS as described in ABS “Australian System of Government Finance Statistics: Concepts, Sources and Methods” 2003.

**Preliminary AASB view**

*Issue (a)*

The preliminary AASB views on questions 4.2 and 4.4 in Consultation Paper No.1 identify a suitable vehicle for presenting information in a way that satisfies multiple user needs for GAAP sub-totals and GFS sub-totals.

The views favour the option under which the GAAP statement of financial performance and the GAAP statement of cash flows would be effectively replaced with statements with titles such as “statement of financial performance and fiscal impact” and “statement of cash flows and fiscal impact” respectively.

*Issue (b)*

Consistent with the preliminary AASB views in questions 4.2 and 4.4 of Consultation Paper No.1 the preliminary AASB view is that a suitable approach would be to include the “net worth” GFS analytical balance on the face of a statement with a title such as “statement of financial and fiscal position” which would effectively replace the GAAP statement of financial position.<sup>4</sup>

1.4 Consultation Paper No.1 describes how a significant degree of convergence between GAAP and ABS GFS can be achieved as the AASB adopts International Accounting Standards and through the adoption of an approach to reporting comprehensive income that distinguishes transactions from other economic flows. However, that Paper also identifies a limited number of differences that would continue to exist between the “converged” GAAP and the ABS GFS approach. This question focuses on the implications and treatment of those remaining differences.

- (a) If, in response to question 1.3, GFS analytical balances (that is net operating balance, net lending/borrowing, net worth and cash surplus/deficit) are required to be included on the face of the primary “converged” financial statements (as preferred by HOTARAC), should they be calculated:
- (i) using the “converged” GAAP measures of the underlying components of the analytical balances (corresponding with the view in HOTARAC alternative 1 on page 8 of the HOTARAC “Conceptual Issues paper and as illustrated in Attachment 5-1 of that paper). Under this approach, in relation to a statement of financial performance and fiscal impact for example, GFS net operating balance would equal “converged” GAAP net operating result from transactions, and net lending/borrowing would be derived directly from that figure;<sup>5</sup> or
  - (ii) using ABS GFS measures of the underlying components of the analytical balances<sup>6</sup> (corresponding with the view in HOTARAC alternative 2 on page 8 of the HOTARAC “Conceptual Issues paper and as illustrated in Attachment 5-2 of that paper). Under this approach, in relation to a

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<sup>4</sup> An alternative title might be “statement of assets and liabilities and fiscal position”.

<sup>5</sup> Under this approach GFS analytical balances relating to a statement of financial position and fiscal impact (“net worth”) and a statement of cash flows and fiscal impact (“cash surplus/deficit”) would also be calculated using “converged” GAAP measures of their underlying components.

<sup>6</sup> Although this approach contemplates using ABS GFS for underlying components for the purpose of measuring GFS analytical balances, it does not contemplate measuring the components on the face of the financial statements using ABS GFS.

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statement of financial performance and fiscal impact for example, GFS net operating balance would be unlikely to equal “converged” GAAP net operating result from transactions, due to reconciling differences; and net lending/borrowing is derived from the GFS net operating balance.<sup>7</sup> Attachment B to Consultation Paper No.1 illustrates this approach and how it involves a reconciliation from “converged” GAAP net operating result from transactions to ABS GFS net operating balance on the face of the statements;

- (b) if option (a)(i) is adopted, that is using “converged” GAAP to calculate GFS analytical balances:
- (i) should GFS analytical balances calculated using ABS GFS be disclosed in the notes; and, if so;
  - (ii) should there be note disclosure of a reconciliation between the GFS analytical balances calculated using “converged” GAAP with the GFS analytical balances calculated using ABS GFS.

Please provide reasons to support your views; and

- (c) in light of your responses to (a) and (b) above, do you wish to supplement your response to question 5.3 in Consultation Paper No.1 (concerning disclosures relating to items where Heads of Treasuries recommends adoption of GAAP with note disclosure of GFS information), or your responses to question 4.3 or specific items within questions 6 and 7 where note disclosure of GFS information is contemplated?

(Discussion of this issue is included in the HOTARAC Conceptual Issues Paper in the Executive Summary, the section headed “Where can key GFS aggregates be displayed in “converged” financial reports?”, Recommendations and Attachments 5-1 and 5-2).

**Preliminary AASB view**

*Issue (a)*

The preliminary AASB view is that the GFS analytical balances (that is net operating balance, net lending/borrowing, net worth and cash surplus/(deficit)) should be calculated using the “converged” GAAP measures of the underlying components of the analytical balances. The AASB notes that this approach means that the GFS analytical balances, presented on the face of financial statements in a general purpose financial report, and referred to as:

- (i) “net operating balance”, will equal the “converged” GAAP net operating result of transactions;
- (ii) “net lending/borrowing”, will be calculated as “converged” GAAP net operating result of transactions less the net acquisition of non-financial assets;<sup>8</sup>

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<sup>7</sup> Under this approach GFS analytical balances relating to the statement of financial position and fiscal impact and the statement of cash flows and fiscal impact would also be calculated using ABS GFS measures of their underlying components.

<sup>8</sup> Under this approach the financial statement presented in Attachment B to Consultation Paper No.1 would need to be amended to remove the reconciling items between the “net operating balance” and “GFS net operating balance” lines.

- (iii) "net worth", will be calculated as "converged" GAAP assets less liabilities less shares and other contributed capital;<sup>9</sup> and
- (iv) "cash surplus/deficit", will be calculated as "converged" GAAP net cash flows from operating activities plus net cash flows from investments in non-financial assets less distributions paid less the value of assets acquired under finance leases and similar arrangements.<sup>10</sup>

*Issue (b)*

The preliminary AASB view is that note disclosure of the GFS analytical balances based on ABS GFS (and a reconciliation of those GFS analytical balances to GFS analytical balances based on "converged" GAAP) should not be required, as it would potentially create confusion for users of general purpose financial reports.

*Issue (c)*

The AASB notes that its preliminary view in relation to issue (b) modifies the preliminary AASB view in relation to question 5.3, aspects of question 4.3 and certain items within questions 6 and 7 in Consultation Paper No.1. It also modifies the AASB guiding principle in Consultation Paper No.1 which included "disclosures where necessary to satisfy GFS requirements where they differ from GAAP requirements..." (Consultation Paper No.1 page 2).

**QUESTION 2. Specific technical issues where HOTARAC recommends adoption of current GAAP (rather than GFS), with disclosure of GFS information where appropriate**

Specific technical issues where HOTARAC recommends adoption of "current GAAP"<sup>11</sup> (rather than GFS), with disclosure of GFS information where appropriate, are:

- (a) Constructive Obligations (see HOTARAC paper Issue 4.6); and
- (b) Accounting for Future Income Tax Benefit/Deferred Tax Liability (see un-numbered HOTARAC issues paper).

2.1 Do you agree with the HOTARAC recommendation for each?

**Preliminary AASB view**

Consistent with the HOTARAC recommendation, the principle of sector-neutral standards and the AASB's guiding principle, unless there are compelling reasons to do otherwise, GAAP definitions, recognition and measurement requirements should be adopted for each item.

*Comments on Each Identified Issue*

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<sup>9</sup> "Shares and other contributed capital" would not apply for the GGS (see ABS "Australian System of Government Finance Statistics: Concepts, Sources and Methods" 2003 paragraph 2.117).

<sup>10</sup> "Distributions paid" would not apply for the GGS (see ABS "Australian System of Government Finance Statistics: Concepts, Sources and Methods" 2003 paragraph 2.120).

<sup>11</sup> "Current GAAP" refers to GAAP as it is expected to develop as a result of the adoption in Australia of IASB 2005 Standards, with relevant Australian additions, and relevant amendments in respect of not-for-profit entities.

- (a) Constructive Obligations (issue 4.6): Issue Paper 4.6 submitted by HOTARAC is directly relevant to question 7.1 issue (e) in Consultation Paper No.1. The following AASB preliminary view (that was included in Consultation Paper No.1 in relation to question 7.1 issue (e)), is consistent with the HOTARAC submission:

“... there is a conceptual difference between the two frameworks (GFS is dependent on the existence of a counterparty that would recognise a corresponding asset before a constructive obligation [that could be recognised as a liability under GAAP] would give rise to the recognition of a [GFS] liability; and conceivably GFS could recognise a liability that GAAP discloses as a contingent liability). To the extent that GFS accepts the GAAP recognition of a liability, there is no practical difference between the two frameworks. To the extent that differences arise (due to the “case-by-case examination” referred to in the HOT’s paper) GAAP treatment should be adopted, with disclosure to satisfy GFS requirements.”

However, in light of the preliminary view in question 1.4 issue (c) above, the AASB’s preliminary view is now amended to remove the requirement for disclosures to satisfy GFS requirements where the treatment of constructive liabilities under “converged GAAP” differs from their treatment under ABS GFS.

As a result of the HOTARAC paper the classification of “constructive obligations” changes from “other technical issues” – question 7 in Consultation Paper No.1 to “specific technical issues where HOTS recommends adoption of current GAAP (rather than GFS), with disclosure of GFS information where appropriate” – question 5 in Consultation Paper No.1. It is noted that the HOTARAC paper envisages that a difference between GAAP and GFS will only arise when there are material timing differences in the recognition of constructive liabilities.

- (b) Accounting for Future Income Tax Benefit / Deferred Tax Liability (unnumbered issue paper): consistent with the objective of general purpose financial reporting and the HOTARAC submission, GAAP treatment should be adopted. In light of the preliminary view in question 1.4 issue (c) above, the AASB’s preliminary view is to not require disclosures to satisfy ABS GFS requirements.

### **QUESTION 3. Other Specific Technical Issues**

- (a) Inventories (See HOTARAC paper Issue 6.2)

- 3.1 Do you agree with HOTARAC’s assessment of this issue and how any differences between GFS and GAAP should be dealt with (both in the short term and the long term)? If not, how do you believe the issue should be addressed in the context of GAAP/GFS convergence?

**Preliminary AASB view**

- (a) Inventories (Issue 6.2): Issue Paper 6.2 submitted by HOTARAC is directly relevant to question 7.1 issue (h) in Consultation Paper No.1. The following AASB preliminary view (that was included in Consultation Paper No.1 in relation to question 7.1 issue (h)), is consistent with the HOTARAC submission and remains the AASB preliminary view in relation to “inventories”. In particular it is noted that the last sentence of the following preliminary view is consistent with the HOTARAC conclusion in its Issue Paper 6.2.

“... if the proposals in AASB ED 116 “Request for Comment on IAS 2 and IPSAS 12 Inventories” (which include the proposal that inventories held by not-for-profit entities for distribution should be measured at the lower of cost or current replacement cost) are adopted, because GFS measures inventory at current replacement cost, there will be a difference with GAAP if inventories, under GAAP, are carried at cost. Although the issue may be immaterial at the whole of government level, further work is required to determine whether it may be material at an individual public sector reporting entity level. To remove the differences, consistent with the option to measure other assets at cost or current value (for example, property, plant and equipment, and financial instruments) consideration should be given to requiring public sector entities to measure all inventory at current replacement cost.”