



To:	AASB Members	Date:	16 August 2011
From:	Kevin Stevenson	Agenda Item:	20.1
Subject:	Reducing Complexity in Financial Reporting	File:	

Action

To commence thinking about strategic areas that will contribute to a revised AASB business plan in H1 of 2012, by looking at some thinking about the meaning of economic decision-making.

Attachments

Agenda Paper 20.2: Power-point presentation titled: Re-thinking Economic Decision-making, Disclosure and Presentation

Background

An FRC task force is presently considering the issue of complexity in relation to financial reporting, taking it as a given that they cannot enter into the actual content of financial reporting. For example, they will be looking at the requirements of various regulators that invoke GPFRs.

The AASB has itself pursued both initiatives of the type with which the FRC task force is concerned (eg our calls for reform of parent entity accounting, dividend policy, cross-Tasman legislative reform) and reforms directly concerning financial reporting (eg the introduction of RDR).

The attached presentation will be used to open up debate on aspects of the Conceptual Framework which could lead to a number of reforms, not the least of which may be in the area of disclosure and presentation. The basic thrust of the paper is that there is a gap in the current Framework which, if filled, might help rationalise existing requirements making them more meaningful and providing scope for culling of unneeded disclosures. Filling the gap is likely also to contribute to other areas of the conceptual framework. The presentation is a development of work circulated to the AASB before the March 2011 NSS meeting.

If the Board agrees that the thinking has merit, the Board could agree to developing it in a way that is complementary to the efforts of the FRC. This could be used as a thought leadership initiative aimed at the IASB. The vehicle for that could be through AOSSG and/or NSS, or directly.

The work has direct implications for the service performance reporting project because it suggests a meaning for performance.

It should be noted that some (but only some) of the thinking in the attached work has entered into IPSASB debates and is embodied in a current draft consultative paper on “presentation”.

Further, useful input for the work has come from individuals involved with standard-setting, in the academe and users. This has been as result of correspondence, the March NSS paper, a workshop at AFAANZ in July 2010 and from IPSASB members.