

## EXTRACT FROM MINUTES: AASB 28-29 OCTOBER 2009 MEETING

### GAAP/GFS Harmonisation

Agenda Item 4

The Board had before it:

- (a) a memorandum from Robert Keys, dated 14 October 2009 (Agenda paper 4.1);
- (b) an issues paper: *GAAP/GFS Harmonisation for Entities within the GGS, the Next Step* (Agenda paper 4.2); and
- (c) a letter from the Minister for Finance and Deregulation to the AASB Chairman (received at the AASB offices on 24 September 2009); and a reply from the AASB Chairman dated 28 September 2009 (Agenda paper 4.3).

The Board considered arguments for and against proceeding with GAAP/GFS harmonisation for entities within the GGS based on the proposals in ED 174 *Amendments to Australian Accounting Standards to facilitate GAAP/GFS Harmonisation for Entities within the GGS [AASBs 101, 107 and 1052]*, and discussed alternative ways to proceed.

The Board decided to proceed with the proposals in ED 174 by developing them into non-mandatory guidance, which will include an illustrative example, that could be used if a jurisdiction/entity elects to present GAAP/GFS harmonised general purpose financial statements. The guidance will be based on the proposals in ED 174, amended to reflect the decisions the Board made in June 2009 after reviewing constituents' comments, and subsequent staff work, and therefore be consistent with existing GAAP (and in particular AASB 101 *Presentation of Financial Statements*).

The Board noted that this approach:

- (a) is consistent with a view that the arguments relating to splitting income and expenses between transactions and other economic flows are not only pertinent in a public sector context;
- (b) could help facilitate comparability within and across jurisdictions, which is one of the desired outcomes of the project, while allowing jurisdictions to make their own cost/benefit assessment having regard to user needs;
- (c) would allow jurisdictions to establish their own policies within the existing Standards, exercising judgement; and
- (d) makes efficient use of the work on the project to-date, whilst avoiding pre-empting work currently underway on the Board's broader project on the presentation of financial statements.

The Board directed staff to develop the guidance out-of-session, using minimal staff resources and without further Board time. The guidance should be consistent with existing GAAP and should not be updated as GAAP or GFS changes.

The Board also decided that a report should be sent to the FRC to inform it of the AASB's progress on the GAAP/GFS Harmonisation project.

Action: Staff  
Chairman