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Influencing the Future Pathways of Australian Accounting Standards

Are assets still assets, and liabilities still liabilities? Which transactions should be 'recycled' from other comprehensive income to profit or loss? Do you agree that profit or loss is more important than other comprehensive income?

The Conceptual Framework, which underpins the development of both international and domestic Australian Accounting Standards, is the subject of a major project of both the International Accounting Standards Board (IASB) and the Australian Accounting Standards Board (AASB). The latest proposals add to a range of potential changes to 'first principles', and revisions to various current concepts.

Kris Peach, Chair of the AASB commented "While we are not expecting the IASB to immediately review existing IFRSs, future revisions of IFRS will be evaluated against a revised Conceptual Framework. Accordingly, now is the time for entities to be critically assessing whether the proposals articulate clear and appropriate principles. These principles are likely to be used in future considerations of a range of both recognised and unrecognised transactions and commitments; for example, royalties or known future major maintenance costs. Those with an interest in financial reporting should consider if the proposals would result in differences from the currently specified accounting, and whether that would be reasonable or problematic."

Ms Peach added "The importance of engaging with the AASB on the Conceptual Framework exposure drafts should not be underestimated. I would particularly encourage not-for-profit and public sector entities to get involved, given the AASB's transaction neutrality policy. The Conceptual Framework is a key 'go-to' pronouncement in the absence of a Standard addressing a particular topic, and is considered in the development of any new pronouncement. For example, the AASB had regard to both its Conceptual Framework and other conceptual frameworks when developing its recently issued proposals on income for not-for-profit entities and on service concession arrangements. The International Public Sector Accounting Standards Board has also recently issued its own conceptual framework, so we are interested in views on whether these two conceptual frameworks should be integrated in Australia."

The AASB is interested in receiving comments on the proposals in [ED 264](#) *Conceptual Framework for Financial Reporting* and [ED 265](#) *Updating References to the Conceptual Framework* from its constituents in both the public and private sectors. Comments are requested to the AASB by 5 October 2015.

The AASB expects to conduct education sessions and roundtables on ED 264 and ED 265 later this year. More details, including how to register for these events, will soon be available on the AASB website.

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The Australian Accounting Standards Board (AASB) is the Commonwealth statutory authority responsible for developing, issuing and maintaining accounting standards. The Board's functions and powers are set out in the Australian Securities and Investments Commission Act 2001.

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