



Project:	Australian Financial Reporting Framework	Meeting	AASB April 2019 (M170)
Topic:	Removal of SPFS for for-profit private sector entities – timeline and proposed structure of the ED	Agenda Item:	5.1
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		Project Priority:	High
		Decision-Making:	N/A
		Project Status:	Developing Exposure Draft

Objective of this paper

1. The objective of this paper is to provide the Board with an overview of:
 - a) the elements of, interdependencies between and expected timing of, the various activities relevant to the Australian financial reporting framework program, one aspect of which proposes to remove special purpose financial statements (SPFS) for for-profit (FP) private sector entities ('remove SPFS (FP)'); and
 - b) the proposed structure of the resulting Exposure Draft (ED).
2. The Board **are not** asked for specific feedback in relation to the content of this paper, however any comments or observations the Board may have are welcomed.

Reasons for the Board to consider this paper at this meeting

2. As the Board is progressing with its proposals to remove SPFS for FP private sector entities, it is important the Board is aware of the various 'in progress' elements that will form part of the ED.

Introduction:

3. The timeline and summaries of the various 'in progress' elements, along with the proposed structure of the ED outlined on the following pages have been prepared based on staff's expectations, and in some cases prior to staff having discussed their recommendations with the Board. Subject to any discussions with, and decisions of the Board, the expected timeline and summaries may need to be updated.
4. This paper considers only those matters directly relevant to the **FP private sector** financial reporting framework program. This is consistent with the Board's decision (made at the September 2018 meeting) to consider the not-for-profit and public sector financial reporting frameworks separately via targeted and tailored consultations.

April 2019

Issue: RCF and Phase 1 amending standard (AASB 2019-X)

- Summarise submissions
- Make any necessary amendments
- Ballot draft of amending standard for out of session voting
- Effective 1/1/2020

Issue: NFP definition ED

- Ballot draft of ED for out of session voting
- Three month comment period
- ED applicable to both public and private sectors
- Effective 1/1/2020

Present: Statement of compliance with R&M in SPFS ('SPFS R&M compliance') staff paper

- Key staff recommendations:
 - SPFS to disclose the extent of compliance with the R&M requirements in AAS
 - FP and NFP sectors
 - Entities within the scope of AASB 1054

Present: Possible transitional relief ('transition from SPFS to GPFS') staff paper

- Staff research, analysis and recommendations
- Forms part of the ED proposing to remove SPFS for FP private sector

June 2019

Present: Remove SPFS (FP) draft ED

- Draft ED and staff paper
- See slide 4 for details of ED content

Present: Entities with a non-legislative requirement to comply with AAS (e.g. trusts) staff paper

- Types & economic significance of trusts lodging with the ATO
- Why trusts are not required to lodge publicly
- Decide whether to provide relief from preparing GPFS → affects scope of remove SPFS (FP) ED

June 2019

Present [and issue]: Tier 2 GPFS disclosure framework (Tier 2 disclosures)

- Staff paper covering significant decisions and analysis performed
- Applies to FP and NFP sectors
- Ballot draft of ED (inc BC) for voting at June meeting [or out of session]

Issue: SPFS R&M compliance ED

- Ballot draft of ED for out of session voting
- 3 month comment period
- Targeted outreach
- Effective 1/1/2020

Jun/Jul 2019

Issue: Tier 2 GPFS disclosures ED

- Staff recommend issue as stand-alone ED (i.e. not part of remove SPFS (FP) ED)
- [Vote out of session if not approved at the **June** meeting]
- 150 day comment period
- Effective date TBD

August 2019

Issue: ITC 39 Feedback Statement

- Summarise feedback received on ITC 39 proposals (both Phase 1 and Phase 2)
- Summarise Board's decisions and responses to feedback received
- Staff do not intend to ask the Board to review feedback statement, as it will be based on the BC and Action Alerts.

Sept 2019

Present: NFP definition (ED feedback)

- Summarise submissions
- Make any necessary amendments
- Ballot draft of amending standard for voting [or out of session]

Present: Remove SPFS (FP) ED

- Pre-ballot draft of ED provided at **Sept** Board meeting
- If no major comments, Board will be asked to **vote** to issue ED

Oct 2019

Issue: Remove SPFS (FP) ED

- [Make any necessary amendments]
- [Vote out of session if not approved at the **Sept** meeting]
- Six month comment period
- See also slide 4

Nov 2019

Present: SPFS R&M compliance (ED feedback)

- Summarise submissions
- Make any necessary amendments
- Ballot draft for out of session voting

1 January 2020

Effective: RCF and AASB 2019-X become effective (Phase 1)

- Scope
- For-profit private sector entities that have public accountability and are required by legislation to comply with AAS
 - Other for-profit entities that elect to apply

Effective: NFP definition becomes effective

- Scope
- Private and public sector entities

Effective: R&M compliance amendment becomes effective

- Scope
- Entities preparing SPFS required to comply with AASB 1054

Q1 – Q2 2020

Present: Tier 2 disclosures (ED feedback)

- Summarise submissions
- Make any necessary amendments
- Ballot draft to the Board in **mid-2020**
- Effective date TBD

Q1 – Q2 2020

Present: Remove SPFS (FP) (ED feedback)

- Summarise submissions
- Make any necessary amendments
- Ballot draft to the Board in **mid-2020**
- Effective date [1 July 2021]

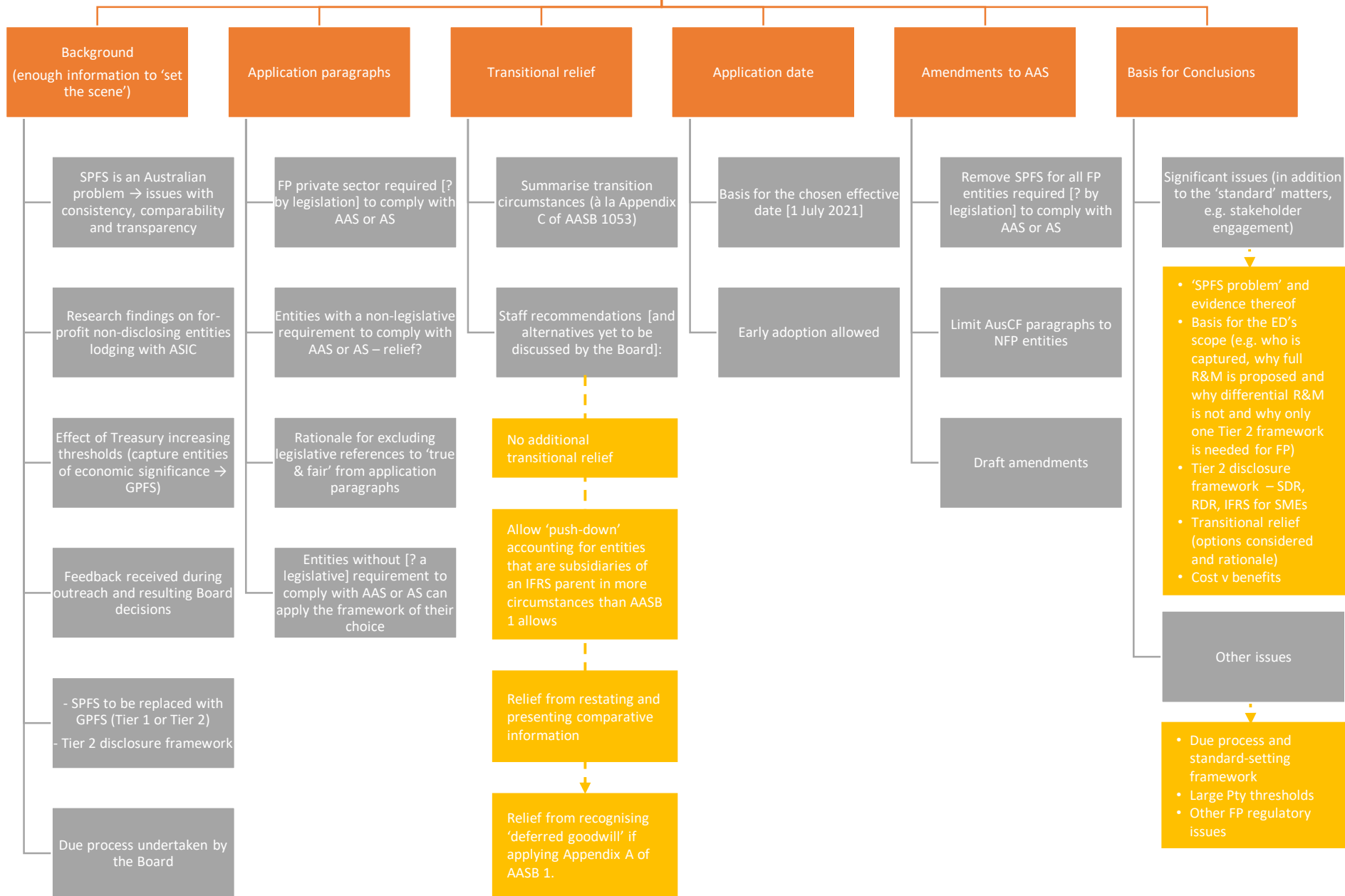
TBD

Staff paper - Public Accountability deeming and guidance

- Timing unclear as dependent on the outcomes of the IASB's work

Joint outreach on revised Tier 2 framework, R&M compliance and remove SPFS (FP) Exposure Drafts expected Nov 2019.

Remove SPFS (FP) ED



Legend:

- Key 'headings' to be included in the ED
- Key matters to be addressed under each 'heading'
- Matters to be confirmed / additional explanation of key matters