



Issue: Number 119
Date: 13 October 2008
Subject: AASB Meeting 92, 10 October 2008

Board Membership

The Chairman, David Boymal, retires from the Board on 4 November 2008. The Board expressed its appreciation for his contributions as Chairman to the work of the Board and to standard setting, both domestically and internationally.

Interpretations – Superannuation Contributions Tax

The Board discussed the recommendations of its Advisory Panel that the measurement of an employer sponsor's defined benefit liability/asset should include the Australian Superannuation Contributions Tax. The Board agreed that there is currently diversity in practice and that it should address the issue. The Board decided to proceed to issuing an Interpretation and at its November meeting will consider a Draft Interpretation proposing that the superannuation contributions tax be included in the measurement of the defined benefit obligation.

Superannuation Plans and Approved Deposit Funds

The Board considered a revised version of the draft ED for a replacement Standard for AAS 25 *Financial Reporting by Superannuation Plans*. The Board agreed, among other things, to:

- (a) remove the paragraphs dealing with the measurement and presentation of "higher of" benefit options from the ED and include a question asking constituents whether the ED should stipulate how such a benefit option should be measured;
- (b) further consider the implications of measuring a non-controlling interest in a subsidiary in accordance with AASB 3 Business Combinations and AASB 127 Consolidated and Separate Financial Statements;
- (c) further consider the manner in which the proposals relating to the preparation and presentation of consolidated financial statements could be articulated; and

The AASB Action Alert is issued by the Australian Accounting Standards Board (AASB). It reports on meetings of the AASB as a service to its constituents. Decisions reported may be changed or modified by the AASB. Decisions become final only after completion of the formal processes required to issue documents. No responsibility is taken for the results of actions or omissions to act taken on the basis of any information in this report, or for any errors or omissions.

- (d) further consider to manner in which the proposed measurement principle to be applied to defined benefit members' accrued benefits could be articulated.

The Board will continue its deliberations on a revised version of the draft ED at its November meeting.

Modifying IFRSs for Not-for-Profit Entities

The Board received an update on the status of discussions by the FRSB (NZ) on identifying criteria/factors to be considered when determining whether the requirements in IFRSs should be modified for application by not-for-profit entities. The Board noted the importance of maintaining close liaison with the FRSB on this project as its own project develops.

Conceptual Framework – Reporting Entity

The Board continued its consideration of a draft submission on the IASB-FASB Discussion Paper *Preliminary Views on an improved Conceptual Framework for Financial Reporting: The Reporting Entity* and agreed that its submission should comment that:

- (a) the group entity perspective is strongly supported by the AASB and the arguments in favour of this perspective should be strengthened;
- (b) the term 'business activity' in the description of a reporting entity should be clarified; and
- (c) the proposed description of reporting entity may reduce the need for a common control model as a distinct model for determining the composition of a group reporting entity since any combination of entities can be regarded as a 'circumscribed area of business activity' and therefore a reporting entity.

The submission will be available on the website shortly.

Conceptual Framework – Objective and Qualitative Characteristics

The AASB finalised its submission on the IASB-FASB Conceptual Framework ED *The Objective of Financial Reporting and Qualitative Characteristics and Constraints of Decision-useful Financial Reporting Information*, after considering comments received on AASB ED 164. The AASB generally supports the IASB ED. Its main suggestions for amendment are that:

- (a) further explanation should be provided for adopting an entity perspective in financial reports (the Board supports that perspective);
- (b) the objective of financial reporting should include reference to providing information for *evaluating* decisions;
- (c) the qualitative characteristics should not be classified into 'fundamental' and 'enhancing' categories, unless more convincing reasons are provided for that classification scheme; and

The AASB Action Alert is issued by the Australian Accounting Standards Board (AASB). It reports on meetings of the AASB as a service to its constituents. Decisions reported are tentative and may be changed or modified by the AASB. Decisions become final only after completion of the formal processes required to issue documents. No responsibility is taken for the results of actions or omissions to act taken on the basis of any information in this report, or for any errors or omissions.

- (d) the concepts of relevance and materiality should be distinguished more clearly.

The Board recommends that the IASB and FASB reconsider their decision to deal with not-for-profit entity issues in a later phase of their Conceptual Framework project and the plan to issue parts of the revised IASB Framework before all parts are complete. In addition, the Board agreed to include in its submission the amendments it would consider necessary when not-for-profit entities are considered in the project.

The submission will be available on the website shortly.

Discontinued Operations

The Board approved ED 167 *Discontinued Operations: Proposed Amendments to AASB 5* following the issue of an ED by the IASB proposing amendments to IFRS 5. Comments to the AASB are requested by 5 December 2008. ED 167 will be available on the website shortly.

First-time Adoption of IFRSs

The Board approved ED 168 *Additional Exemptions for First-time Adopters: Proposed Amendments to AASB 1* following the issue of an ED by the IASB proposing amendments to IFRS 1. Comments to the AASB are requested by 5 December 2008. ED 168 will be available on the website shortly.

Legal Process for Adopting IFRSs as Australian Requirements

The Board received a briefing on discussions with the Office of Legislative Drafting & Publishing (OLDP) of the Attorney-General's Department regarding the legal process for adopting IFRSs in Australia and decided that staff should continue discussions with the OLDP to proceed with establishing a more efficient approach while ensuring that the Standards are properly constituted.

Credit Crisis

The Board noted that the IASCF Trustees agreed that the IASB's normal due process can be suspended so that it can deal urgently with proposals to amend IAS 39 *Financial Instruments: Recognition and Measurement* in respect of the requirements relating to the reclassification of financial instruments from measurement at 'fair value through the profit and loss' to the 'held-to-maturity' category to achieve consistency with the US requirements. The Board agreed to monitor these developments with a view to ensuring that, in the event that the IASB urgently amends IAS 39, Australian constituents will be able to maintain compliance with IFRSs through a rapid response by the Board.

The AASB Action Alert is issued by the Australian Accounting Standards Board (AASB). It reports on meetings of the AASB as a service to its constituents. Decisions reported are tentative and may be changed or modified by the AASB. Decisions become final only after completion of the formal processes required to issue documents. No responsibility is taken for the results of actions or omissions to act taken on the basis of any information in this report, or for any errors or omissions.

Minutes

The Board approved the minutes of Meeting 91 held on 25 September 2008. These are now available on the website.

Next Meeting on 12-13 November 2008

It is anticipated that the Board will deal with the following items:

- Borrowing Costs (IPSASB ED)
- Business Combinations (Not-for-Profit Entities)
- Conceptual Framework (IPSASB DP)
- Differential Reporting
- Interpretations (Superannuation Contributions Tax)
- Modifying IFRS for Not-for-Profit Entities
- Non-exchange Income
- Related Party Disclosures (Public Sector)
- Superannuation Plans and Approved Deposit Funds

2008 Meeting Dates

Remaining 2008 meeting dates are:

- 12-13 November
- 17-18 December

2009 Meeting Dates

Meeting dates for 2009 are:

- 5 February
- 4-5 March
- 22 April
- 20-21 May
- 24-25 June
- 29-30 July
- 23-24 September
- 28-29 October
- 9-10 December

Unless indicated otherwise, meetings are held in Melbourne.

The AASB Action Alert is issued by the Australian Accounting Standards Board (AASB). It reports on meetings of the AASB as a service to its constituents. Decisions reported are tentative and may be changed or modified by the AASB. Decisions become final only after completion of the formal processes required to issue documents. No responsibility is taken for the results of actions or omissions to act taken on the basis of any information in this report, or for any errors or omissions.