



asian-oceanian  
standard-setters group

# Conceptual Framework

Interim AOSSG Meeting  
22 September 2013, London  
Agenda paper 6.1

# Where are we?

Timing	Proposed Actions	Responsible party
19 July, 2013	Publication of DP	IASB
12 September	AOSSG WG/WP conference call (#1) [For ASAF meeting] ➤ Prudence, Disclosure Initiatives, AASB's Essay	ASBJ/ AOSSG WG members
<b>22 September</b>	<b>AOSSG Interim meeting [Compare notes for ASAF meeting]</b> ➤ <b>General matters</b> ➤ <b>Recap of 12 September AOSSG WG's teleconference</b>	<b>ASBJ/ AOSSG WG members</b>
25-26 September	ASAF meeting ➤ Prudence, IASB's Disclosure Initiatives, AASB's Essay	HK (Clement)
30 or 31 October	AOSSG WG/WP conference call (#2) [To exchange views on major issues ] ➤ TBD (Measurement, Profit or Loss, TBD?)	ASBJ/AOSSG WG members
5 November	Conceptual Framework Public Roundtable (Tokyo) ➤ Measurement ➤ Profit or Loss ➤ TBD	RT Participants
12 November ( <i>tentative</i> )	To prepare for the AOSSG annual conference, the ASBJ will submit the paper summarizing the issues and views from the AOSSG WG members.	ASBJ
26 November	AOSSG Working Group meeting (Colombo) ➤ TBD	ASBJ/ AOSSG WG members
27-28 November	AOSSG Annual Conference (Colombo) ➤ TBD – 2 hours	ASBJ/ AOSSG WG members
5-6 December	ASAF meeting ➤ TBD (Recycling, Liabilities?)	HK (Clement)
Late December	If considered necessary, AOSSG WG will have a conference call (#3) [To formulate the AOSSG comment letter] ➤ Draft comment letter	ASBJ/ AOSSG WG members
14 January	Submission of the AOSSG comment letter to the IASB	ASBJ

# General Reactions to Conceptual Framework DP

- Section 1: Introduction
- Section 2: Elements of Financial Statements
- Section 3: Additional Guidance to Support the Asset and Liability Definitions
- Section 4: Recognition and Derecognition
- Section 5: Definition of Equity and Distinction between Liabilities and Equity Instruments
- Section 6: Measurement
- Section 7: Presentation and Disclosure
- Section 8: Presentation in the Statement of Comprehensive Income – Profit or Loss and OCI
- Section 9: Other

# September 2013

## ASAF Meeting Agenda

### ■ EFRAG's bulletin of "Prudence"

### ■ IASB's Disclosure Initiatives

IASB's Disclosure Initiatives	Planned timing
<b>[Short-term actions]</b> Amendments to IAS 1 (see "III. Disclosure initiative")	Plan to finalize in Q3 or Q4 of 2014
Materiality – Assessment of existing guidance In order to respond to concern that materiality is not being applied well in practice, the IASB plans to work with IAASB and IOSCO, and assess adequacy of existing guidance and determine whether additional guidance is required.	Plans to submit the paper to the IASB in Q1 of 2014
Review new EDs disclosure requirements In order to respond to comments that the way IFRS disclose requirements are written contribute to the disclosure problem, the IASB will look at the way new ED disclosure requirements are worded.	On-going
<b>[Long-term actions]</b> Research project – IAS 1, IAS 7 and IAS 8 – FSP project The IASB will work to explore whether amendments to IAS 1, IAS 7 and IAS 8 are necessary.	Potential 2015 Agenda Consultation proposal
Review of existing standards Over the next two years, the IASB will undertake research project to review disclosure in FRS more holistically, and identify and assess conflicts, duplication and overlaps.	Potential 2015 Agenda Consultation proposal

### ■ AASB's Essay ("Rethinking the Path from an Objective of Economic Decision Making to a Disclosure and Presentation Framework")

# Recap of conference call - Prudence

## ■ Mixed Views Expressed.

■ Some members thought that prudence is important notion and should be reinstated in the Framework or incorporated into guidance, because:

- Prudence is a state of mind but there are various understanding
- Making a clear distinction between ‘good prudence’ and ‘bad prudence’ will contribute to better financial reporting

■ Other members believed that prudence should not be reinstated, because:

- Contradict the notion of “neutrality”
- Accounting standards have different role from prudential regulation

■ There was a view that prudence can be explained in the context of other notions (e.g., faithful representation)

# Recap of conference call - AASB's Paper on Disclosure

- Support noted by many members, and many appreciated sharing the highly interesting and well written paper
- Comments noted include:
  - Accounting response is deliberately unstated
  - Important to explore the boundary of “financial reports” and “financial statements”
  - Interesting to think about potential implication to recognition and measurement (profit or loss, OCI?)
  - keen to see how IASB may react to the concept of “flow”
  - Difference between recurring flow and irregular flow

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# Discussion by AOSSG WG members

## **Q1: AOSSG Conceptual WG's Work Plan**

- Do you have comments on how the WG will proceed?
- Do you have any suggestions for topics to be discussed at the Roundtable discussion in Tokyo and AOSSG annual meeting?

## **Q2: General Reactions to the IASB's Conceptual Framework DP**

- Which areas do you think most important in the DP, and why?
- Do you think that there are some important areas that are missing in the DP?

## **Q3: September 2013 ASAF meeting agendas**

- Do you have additional comments on the September ASAF meeting agenda with regard to Conceptual Framework?