

Meeting: International Public Sector Accounting
Standards Board

Meeting Location: Toronto, Canada

Meeting Date: March 11-14, 2014

Agenda Item 4

For:

☐ Approval

☒ Discussion

☐ Information

Conceptual Framework

Objective(s) of Agenda Item

1. The objectives of the sessions on the Conceptual Framework are:
 - To (a) **review** the current timetable for the project and consider whether it should be amended; and (b) to **receive** an update on developments on the International Accounting Standards Board's (IASB) project to revise its Conceptual Framework;
 - To **discuss** issues on (i) the preferred option for dealing with deferred inflows and deferred outflows; (ii) recognition and (iii) and to review further components of the draft final chapter, *Elements and Recognition in Financial Statements*;
 - To **carry out** a review of a further version of the draft final chapter, *Measurement of Assets and Liabilities in Financial Statements*; and
 - To **discuss** key issues and **review** an initial draft of a final chapter, *Presentation in General Purpose Financial Reports*.

Material(s) Presented

Agenda Item 4.1	Coordinator's Report.
Agenda Item 4A	Issues Papers on (i) detail of preferred option for deferred flows; and (ii) general issues on components of draft final chapter, <i>Elements and Recognition in Financial Statements</i> . Draft final chapter
Agenda Item 4B	Draft final chapter, <i>Measurement of Assets and Liabilities in Financial Statements</i> .
Agenda Item 4C	Issues Paper on (1) language of issuance; (ii) terminology; and (iii) structure of chapter. Initial draft of final chapter, <i>Presentation in General Purpose Financial Reports</i> .

CONCEPTUAL FRAMEWORK: COORDINATOR'S REPORT

Objectives of Report

1. The objectives of this report are to:
 - **Highlight** the most up-to-date version of the project timetable and consider whether the timetable should be amended;
 - **Highlight** developments on the International Accounting Standards Board's (IASB) project to revise its Conceptual Framework.

Project Timetable

2. A revised project timetable was circulated following the December 2013 meeting. A revised version of the timetable is at Appendix A. The only change is that the Preface will be brought back to the June 2014 meeting for final directions for revision and approval rather than this meeting.
3. The timetable currently projects approval of the chapters on Phases 2-4 in June 2014. Staff thinks that this timetable may not be viable because more time may be necessary to:
 - Conclude discussions and make decisions on the agreed option for dealing with deferred flows in Phase 2: Elements and Recognition;
 - Review the draft chapter on Measurement for fatal flaws; and
 - Review the chapters from Phases 2, 3 and 4 for consistency with the Phase 1 chapters and Preface.
4. The viability of the timetable should become clearer following the three main sessions on Elements and Recognition, Measurement and Presentation. Therefore an additional session further reviewing the timetable in light of progress at this meeting has been scheduled for the afternoon of Day Three.
5. In accordance with normal procedure the timetable will be updated and circulated shortly after this meeting.

Matter(s) for Consideration

1. The IPSASB is asked to **note** the current project timetable and, following an assessment of progress on remaining chapters at this meeting, to **consider** whether the timetable should be modified.

IASB Conceptual Framework Developments

6. The IASB's exposure period for its DP expired on January 14, 2014. When Staff last spoke to IASB counterparts in mid-late February 2014, 216 responses had been received. The IASB will consider a summary of responses at its March meeting with more detailed analyses at the April and May meetings. The April meeting is likely to consider the time to be devoted to particular areas in light of

the responses to the DP as the IASB starts to develop an ED. Staff will provide an update on the IASB's deliberations in key areas at the IPSASB's June meeting.

Matter(s) for Consideration

2. The IPSASB is asked to **note** developments on the IASB's project to revise its Conceptual Framework and the high-level approach at the IASB's meeting in March, April and May 2014 meetings.

Appendix A

Conceptual Framework Project Timetable 2010–2014

	Phase 1: Objectives, QCs, Scope & RE	Phase 2: Elements and Recognition	Phase 3: Measurement	Phase 4: Presentation	Key Characteristics of Public Sector/Preface
Dec 2010	<i>ED Issued</i>	<i>CP Issued</i>	<i>CP Issued</i>		<i>Made available on web as Staff Draft</i>
Mar 2011				<i>CP Discussed</i>	<i>ED Approved (Issued in April)</i>
Jun 2011				<i>CP Discussed</i>	
Sep 2011	<i>RR Directions to Staff</i>	<i>RR Directions to Staff</i>	<i>RR Directions to Staff</i>	<i>CP Discussed</i>	
Dec 2011	<i>RR Directions to Staff</i>	<i>RR Further directions to Staff</i>	<i>RR Further directions to Staff</i>	<i>CP Approved (Issued January 2012)</i>	
Mar 2012	<i>FC Review and directions to Staff for finalization</i>	<i>RR Further directions to Staff</i>			<i>RR Directions to Staff</i>
Jun 2012		<i>ED Discuss</i>	<i>ED Discuss</i>		
Sep 2012	<i>Decision to approve FC in December and publish in late December 2012 or January 2013</i>	<i>ED Approved Issue October</i>	<i>ED Approved Issue October</i>	<i>RR Directions to Staff</i>	<i>Decision to approve in December and publish in late December 2012 or January 2013</i>
Dec 2012	<i>FC Approved Published in January 2013 (Note A4)</i>			<i>ED Discuss</i>	<i>FC Review and Directions to Staff for finalization (Note A5)</i>
Mar 2013				<i>ED Approved Published in April 2013 (Note A3)</i>	<i>FC Review and further directions to Staff for finalization (Note A5)</i>

June 2013		RR <i>Initial directions to Staff</i>	RR <i>Initial directions to Staff</i>		<i>Direction to make available on website as Preliminary Board View (Available on website late July 2014)</i>
Sept 2013		RR <i>Further directions to Staff</i>	RR <i>Further directions to Staff</i>	<i>Update to Members and high level preliminary summary</i>	
Dec 2013		FC <i>Review and directions to Staff</i>	FC <i>Review and directions to Staff</i>	RR <i>Directions to Staff</i>	
Mar 2014		FC <i>Review and directions to Staff for finalization</i>	FC <i>Review and directions to Staff for finalization</i>	FC <i>Review and directions to Staff for finalization</i>	
June 2014		FC <i>Approve and incorporate in Final Framework</i>	FC <i>Approve and incorporate in Final Framework</i>	FC <i>Approve and incorporate in Final Framework</i>	FC <i>Review, final directions, approve and incorporate in Final Framework</i>

Key: ED: Exposure Draft, DI: Discussion of Issues, RR: Review of Responses, FC: Final Chapter, CP: Consultation Paper,

Assumptions and Accompanying Information

- A1. There was an exposure period of six months for the Phase 1 ED and the Phase 2 and Phase 3 Consultation Papers — comment period ended mid-June, 2011. There was an exposure period of four months for the Phase 4 Consultation Paper — comment period ended late April 2012.
- A2. There was an exposure period of six months for the Phase 2 and Phase 3 EDs — comment period ended late April 2013.
- A3. There was an exposure period of four months for the Phase 4 ED— comment period ended in mid-August 2013.
- A4. The Phase 1 Chapters were approved in December 2012 and published in January 2013.
- A5. An ED, *The Key Characteristics of the Public Sector with Potential Implications for Financial Reporting (Key Characteristics)* was made available as a Staff draft with the Phase 1 ED and the Phase 2 and Phase 3 Consultation Papers in December 2010. It was approved in March 2011 as an IPSASB document and issued in April 2011 with a consultation expiry date of August 31, 2011. The IPSASB reviewed responses in March 2012 and decided to further develop the text of *Key Characteristics* with a view to its inclusion in the Framework as an Introduction or Preface. At the September 2012 meeting the IPSASB directed that *Key Characteristics* be updated in the form of a Preface and brought back to the December 2012 meeting, along with the Phase 1 final chapters with a view to incorporation in the Framework. At the December 2012 meeting the IPSASB confirmed that such a Preface should be included in the Framework. However, the IPSASB decided that the Preface needed further development. At the March 2013 meeting it was decided to defer

finalization of the Preface until the Conceptual Framework has been completed, or substantially completed, so that linkages between the characteristics identified in the Preface and concepts can be made more explicit. The Preface was made available as a Preliminary Board View in July 2013.

- A6. The finalization of chapters from Phases 2, 3 and 4 will include a review for consistency with the Phase 1 chapters and Preface.
- A7. There is no current presumption that an integrated (umbrella) ED of the proposed Conceptual Framework will be issued.

Projection is to approve chapters from Phases 2-4 and Preface in June 2014 and issue the finalized Framework in July 2014.