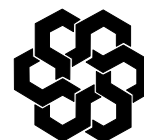




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This document is provided as a convenience to observers at the joint IASB-FASB meeting, to assist them in following the Boards' discussion. It does not represent an official position of the IASB or the FASB. Board positions are set out in Standards (IASB) or Statements or other pronouncements (FASB).

These notes are based on the staff papers prepared for the IASB and FASB. Paragraph numbers correspond to paragraph numbers used in the joint IASB-FASB papers. However, because these notes are less detailed, some paragraph numbers are not used.

INFORMATION FOR OBSERVERS

IASB/FASB Meeting: **March 2009, London**

Project: **Conceptual Framework: Phase G**

Subject: **Not-for Profit and GBEs (Agenda paper 2B)**

PURPOSE OF THIS PAPER

1. The purpose of this paper is to ask the Boards to affirm that specific consideration of the not-for-profit and government business entities (GBEs) should be activated later.
2. When the Boards developed their plan for the conceptual framework project in October 2004, they decided to address specific not-for-profit entities (for the FASB) and GBEs (for the IASB) issues subsequent to developing a framework applicable to for-profit businesses. The reasons for developing a framework for the private and business sector first are (a) the majority of constituent concerns relate to the private/business sector and (b) it will be more time efficient to focus on one sector and adjust for differences between that sector and other sectors later.

3. Some respondents, particularly those who apply IFRSs to every entity, disagreed with the Boards' proposals and this was highlighted in comment letters for both the Objective and QC ED and the Reporting Entity DP. These respondents urged the Boards to develop a framework that could equally apply to the public and private sector. A respondent added that by considering the for-profit private sector entities first, the Boards may give less weight to the concerns of not-for-profit entities in the desire to have a consistent framework.

STAFF ANALYSIS AND RECOMMENDATION

4. The Boards were aware of those concerns raised by respondents when they decided to first focus on business entities. An important reason that the Boards decided to focus first on business entities was to be able to better deal with some of the difficult and perplexing issues associated with them. The Boards decided that those issues should be accorded a higher priority, and that dealing with not-for-profit entities concurrently would be a distraction.
5. In developing the staff recommendations throughout the redeliberations process, apart from considering those issues raised in the comment letters, we also referred to the work done by other standard-setters that consider public benefit entities. (Public benefit entities encompass both private sector non-profit entities and public sector entities which are not GBEs.) For example, we consider (a) the reports from the four National Standard-setters that monitor the Framework's work from a public benefit entity's point of view¹; and (b) the Consultative Paper that was published by the International Public Sector Standards Board on the Objective and QCs and Reporting Entity. Therefore, we accommodated the public benefit entities concerns where feasible.

¹The four national standard-setters are: UK-ASB, Canadian Accounting Standards Board, Australian Accounting Standards Board and the New Zealand Financial Reporting Standards Board. The nature of the reports are to:

- identify any ramifications/issues for public benefit entities;
- consider and, where appropriate, suggest amendments to address those issues and put them to the IASB; and
- enable each body with responsibilities for standard-setting for public sector and other non-profit entities to proactively consider the implications of the emerging revised IASB Framework for its own standard-setting activity.

6. In drafting our documents we will also, as previously directed by the Boards, continue to use sector neutral terms, where feasible. This will minimise the need for revising framework documents at a later stage in the project and thus be more efficient.
7. Therefore, we recommend that the Boards affirm their decision to defer consideration of not-for-profit and GBE entity issues until the first four phases of the project are completed.

Question:

8. Do the Boards affirm to defer consideration of not-for-profit and GBE entity issues until the first four phases of the project are completed?