

STAFF PAPER

April 2013

IASB Meeting

Project	Conceptual Framework		
Paper topic	Questions for respondents to the Discussion Paper		
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Purpose of paper

1. This paper lists the questions that we currently propose to ask respondents to the *Conceptual Framework* Discussion Paper. These questions can also be found at the end of the relevant paper for the April 2013 meeting.

Section number	Paper refs	Section	Questions
1	10A	Purpose and status of the Conceptual Framework	<p>1. Do you agree with the proposed purpose and status of the Conceptual Framework described in this section?</p>
2	10B	Elements of financial statements (general)	<p>2. Do you agree:</p> <ul style="list-style-type: none"> (a) with the proposed definitions of an asset and a liability, and with the proposed supporting definition of an economic resource? (b) that no probability threshold should appear in the definitions of an asset and a liability, and in the recognition criteria for assets and liabilities? <p>3. Do you:</p> <ul style="list-style-type: none"> (a) agree that the existing definitions of income and expense should be left largely unchanged? Income and expense would still be defined as changes in assets and liabilities. (b) have any other comments on the definitions of income and expense, or on the other items listed in paragraph 53? <p>4. Do you:</p> <ul style="list-style-type: none"> (a) agree that determining the unit of account will normally be a standards level decision?

			<p>(b) agree that the selected unit of account must provide relevant information and faithfully represent what it purports to represent?</p> <p>(c) support the discussion of the unit of account in paragraphs 54-60? Should the Conceptual Framework provide further guidance on the unit of account? If so, what sort of guidance would be useful?</p>
3	10C	Elements of financial statements (guidance)	<p>5. Do you agree with the proposed definition of control proposed in paragraph 25?</p> <p>6. Do you agree with the Board’s preliminary view in paragraph 59 that the Conceptual Framework should not limit liabilities to obligations that can be enforceable by legal or equivalent means but should retain the existing definition of a liability—which encompasses both legal and constructive obligations?</p> <p>7. Do you agree with the Board’s preliminary view on obligations that are conditional on the entity’s future actions, ie that [preliminary view to insert]?</p> <p>8. Do you have comments on any of the other guidance proposed in this section to support the asset and liability definitions?</p>

4	10D	Recognition and derecognition	<p>9. Do you agree that the Conceptual Framework should state that:</p> <ul style="list-style-type: none"> (a) an entity should recognise all its assets and liabilities, except as follows? (b) the IASB might decide in a project to develop or revise a particular standard that an entity need not, or should not, recognise an asset or liability if recognising the asset (or liability) would provide users with information that is not relevant, or is not sufficiently relevant to justify the cost? (c) when an entity transfers an asset or liability to another party, an important step in determining whether the entity still has that asset or liability is to determine whether that other party holds it as principal, or as agent for the transferor? The entity would continue to recognise an asset or liability that the other party (the transferee) holds as agent for the transferor. (d) an entity should derecognise an asset or liability when it no longer meets the recognition criteria? However, if the entity retains a component of an asset or liability, the IASB should determine in projects to develop or revise particular standards how the entity would best portray the changes that resulted from the transaction. <p>10. Do you have any other comments on the proposed approaches to recognition and derecognition?</p>
5	10E	Equity-liability boundary	<p>11. Do you agree with the following preliminary views of the IASB?</p> <ul style="list-style-type: none"> (a) The Conceptual Framework should retain the existing definition of equity as the residual

			<p>interest in the assets of the entity after deducting all its liabilities?</p> <p>(b) An entity should:</p> <p>(i) at the end of each reporting period measure each class of equity claim, either by remeasuring it or by reallocating total equity?</p> <p>(ii) recognise updates to those measurements in the statement of changes in equity, as a transfer of wealth between classes of equity claim?</p> <p>(c) Obligations to issue equity instruments are not liabilities?</p> <p>(d) Obligations that will arise only on liquidation of the reporting entity are not liabilities?</p> <p>(e) If an entity has issued no equity instruments, it may be appropriate to treat the most subordinated class of instruments as if it were an equity claim, with suitable disclosure. Identifying whether to use such an approach, and if so when, would still be a standards level decision.</p>
6	10F	Measurement	<p>12. Do you support the three principles of measurement described in paragraph 6?</p> <p>13. Do you agree that the most relevant measurement method will depend on:</p> <p>(a) The way in which an asset will contribute to future cash flows;</p> <p>(b) How the obligation in a liability will be fulfilled (paragraphs 38-142)?</p>
7	10G	Presentation and disclosure (general)	<p>14. Do you have any comments on:</p> <p>(a) The description of the relationship between “presentation”, “disclosure”, “financial</p>

			<p>reporting” and “financial statements”;</p> <p>(b) The proposed approach to presentation in the primary financial statements; or</p> <p>(c) The proposed approach to disclosures in the notes to the financial statements.</p>
8	10H	Presentation and disclosure (OCI)	<p>15. Do you agree that profit or loss as a total or sub-total should be described in the Conceptual Framework? If not, do you:</p> <p>(a) support the alternative single statement approach described in paragraphs 87Error! Reference source not found.-91; or</p> <p>(b) think that that profit or loss as a total or sub-total should be described at a standards level?</p> <p>16. Do you support the three principles for distinguishing between items in profit and loss and OCI described in paragraphs 27-39? If not, do you:</p> <p>(a) support the alternative long-term remeasurement approach described in paragraphs 77-86; or</p> <p>(b) think the IASB should consider other approaches? If so, please specify.</p> <p>17. Do you agree with how the principles described in paragraphs 27-39 have been applied using the concepts of bridging and mismatched remeasurements? If not, do you think that:</p> <p>(a) the concepts of bridging and mismatched remeasurements are not needed to apply the</p>

			<p>principles; or</p> <p>(b) there are alternative or additional concepts that should be derived from the principles? If so, please specify.</p> <p>18. Do you agree that the term <i>comprehensive income</i> should be changed? If so, do you agree with the proposed changes described in paragraphs 93-94?</p>
Appendix	10I	Reporting entity	None
X ¹	10J	Capital maintenance	19. Do you support the proposed approach to capital maintenance outlined in paragraphs 1- 5?
X ²	10K	Business model	None at present

¹ We have not yet determined where in the DP to include this issue.

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