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Agenda Item

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Date: May 31, 2012
Memo to: Members of the IPSASB
From: John Stanford
Subject: Conceptual Framework: Objectives of Sessions

Objectives of Sessions

1. The objectives of the sessions on the Conceptual Framework are:
 - To (a) **provide** the current timetable for the project and consider pressure points relating to the timetable, (b) **provide** an analysis of linkages and overarching issues, and (c) to **update** members on developments relating to public sector aspects of the development of the Integrated Reporting Framework by the International Integrated Reporting Council;
 - **To consider** some key issues, **review** a preliminary draft of Exposure Draft, *Elements and Recognition in Financial Statements* (CF–ED2) and **provide** directions for further development; and
 - To **review** a first draft of Exposure Draft, *Measurement of Assets and Liabilities in Financial Statements* (CF–ED3) and **provide** directions for further development.

Agenda Materials

- 4.1 Coordinator's Report
- 4A Preliminary Draft, Exposure Draft, *Elements and Recognition in Financial Statements*
- 4B First draft, Exposure Draft, *Measurement of Assets and Liabilities in Financial Statements*

CONCEPTUAL FRAMEWORK: COORDINATOR'S REPORT

Objectives of Report

1. The objectives of this report are to:
 - Highlight the current version of the project plan and issues related to it;
 - Provide views and guidance on (a) the linkages between the different phases of the Framework, (b) linkages between the Framework and the *Key Characteristics of the Public Sector with Potential Implications on Financial Reporting* document (*Key Characteristics*), and (c) overarching issues; and
 - Note the main issues discussed in a meeting between senior staff of the International Integrated Reporting Council (IIRC), senior staff of the Chartered Institute of Public Finance and Accountancy (CIPFA), and the IPSASB Deputy Director.

Project Timetable

2. Following the Dusseldorf meeting a revised project timetable was circulated later in March 2012. This version is attached at Appendix A. This reflected the following principal changes from the Dusseldorf version:
 - The estimated date of approval of CF–ED2 is September 2012, as agreed at Dusseldorf;
 - An intention to bring back both the draft Phase 1 final chapters and *Key Characteristics* for an interim review in December 2012. There will be a final review of both documents in September 2013 with a view to approval in December 2013 (subject to any decision on the timing of the final approval and publication of the Phase 1 chapters before completion of the other phases, as indicated in Note 4 to the Timetable);
 - Approval of final chapters of Phase 2 and Phase 3 in March 2014 to allow two meetings for review of responses to CF–ED2 and CF–ED3 and two meetings for consideration and approval of final chapters (see also point below); and
 - The plan remains very tight and demanding in some places. In particular, if CF–ED2 and CF–ED3 are approved in September 2012 and issued in early-mid October 2012 on a six month consultation, the initial review of responses to the June 2013 meeting will be high-level, so the length of the consultation period for these EDs may need to be considered, if there is to be a more detailed initial review of responses in June 2013.
3. In accordance with established practice the project plan will be recirculated following the meeting.

Action Requested:

Members are asked to **note** the current project timetable and to **consider** whether the timetable should be modified.

Overarching Issues and Linkages between the Different Phases of Project and Linkages with the Key Characteristics Document

4. At the March 2012 meeting Members expressed concern that, because the Framework is being developed in four separate phases, the linkages between each of the phases may be overlooked or not sufficiently emphasized. Members directed the Project Coordinator to monitor development of each phase to ensure that the phases link appropriately and reflect a common style and approach, and use terminology consistently. The IPSASB noted that Phases 2, 3 and 4 are at an earlier stage of development than Phase 1 and, consequently, some terminology is still evolving. However, it is important that such matters as definitions, objectives, interpretations, explanations and terminology developed (or being developed) in a particular phase are used with the same meaning in the other phases.
5. The IPSASB also directed that issues such as (a) the need to standardize approaches to the Basis for Conclusions (BC), and (b) the summaries of the International Accounting Standards Board's Conceptual Framework and the principles in Statistical Bases of Accounting should be considered at this meeting. The IPSASB also directed that the linkages between the Framework and the *Key Characteristics* document be strengthened, and as far as possible and appropriate, the Framework should include cross-references to *Key Characteristics*, rather than repeat or re-express points made in that document.
6. The Coordinator was directed to include a consideration of these issues in the Coordinator's Report for the June meeting.
7. This section of the Report deals with the following issues:
 - Linkage between the four phases of the project;
 - Linkage between the four phases of the project and the *Key Characteristics* document;
 - The Basis for Conclusions; and
 - Summaries of the International Accounting Standards Board Conceptual Framework and the Statistical Bases of Accounting.

Linkage between the Four Phases of the Project

Cascading Impact of Phase 1: Role and Authority; Objectives; Scope and Users; Qualitative Characteristics and Constraints; and Reporting Entity.

8. It is important that the same terminology and interpretations are used throughout the Framework. In this report it is not possible to provide an exhaustive list of all these linkages. In addition, as noted above, some key definitions and terms are still being developed. However, Phase 1 has been substantially completed. Consequently, many of the approaches that have been developed in Phases 2 through 4 have cascaded from the Phase 1 positions on (a) the objectives of financial reporting (accountability and decision making), and (b) the information needs of the primary users (service recipients and resource providers and their representatives). The Coordinator will give particular emphasis to these and other linkages to Phase 1 that may become apparent as CF-EDs 2-4 are further developed. Some of the other linkages are described in the following paragraphs.

9. The qualitative characteristics (QCs) of information included in general purpose financial reports (GPFRs) are relevance, faithful representation, understandability, timeliness, comparability and verifiability. The constraints on information included in GPFRs are materiality and cost-benefit. In particular, there should not be references to reliability as a QC, either as a surrogate for, or supplement to, faithful representation.
10. The relationship of the objectives of financial reporting and the QCs is important from the perspective of linkages. The objectives are the starting point for the decision process. The types of information that GPFRs might report is determined by reference to the objectives. However, only those items that satisfy the QCs would be included in GPFRs.
11. Phase 1 has indicated that GPFRs may comprise a number of reports rather than just one composite report. Therefore the other phases should avoid suggestions that the Framework is proposing that all the information needs of primary users should be satisfied through the publication of a single GPFR.
12. At the last meeting in Dusseldorf the IPSASB made a decision to delete the discussion of the key characteristics of the group reporting entity from Phase 1, so references to discussion of the group reporting entity in the Framework need to be avoided.

Phase 2: Elements and Recognition

13. The definitions of the elements are being developed in Phase 2 and will need to be used consistently in all phases with the same meaning as agreed by the Board. Currently the preliminary draft of CF–ED2 proposes definitions for assets, liabilities, revenue, expenses, deferred inflows, deferred outflows, contributions from owners and distributions to owners (see Agenda Item 4A). These definitions are still in the process of development, so it is inappropriate to go into much detail at this stage. However, the following paragraphs highlight a few areas where it will be important to be vigilant as the Framework progresses.
14. The proposed definition of an asset in CF–ED2 includes both “service potential” and “economic benefits.” It is important that qualifying references to assets elsewhere in the Framework include both terms, unless there is specific reason not to do so, e.g., when discussing an asset purely held for cash-generation purposes.
15. There is no definition of “ownership interests” in CF–ED2 and the term is used fairly narrowly in commentary. Ownership interests is not used to denote a citizen interest in the operational of financial capability of public sector entities to deliver goods and services in the future and the term “equity” is not used to denote “citizen interests.”¹
16. The current view of the Phase 2 Task Based Group is that the attribution of flows to reporting periods has information value and that the appropriate way of dealing with this information need is through the development of separate elements. This approach has not yet been endorsed by the Board. Dependent on Board decisions, discussion of revenue and expenses needs to consider whether reference should also be made to deferred inflows and deferred outflows.

¹ Staff acknowledges the views of some Board Members and TAs that ownership interests should connote the broad interests of citizens in the entity’s ability to continue to deliver goods and services and its long-term efficiency.

Phase 3: Measurement

17. CF–ED3 (Agenda Item 4B) considers a number of measurement bases: historical cost, current exchange value, net selling price, replacement cost and value in use. “Fair value” is discussed in the BC, but not proposed as a measurement basis. Therefore there should be caution in making references to fair value elsewhere in the Framework.

Phase 4: Presentation

18. CF–CP4 uses “presentation” as an umbrella term that covers the “display” and “disclosure” of information. Display relates to “core information,” which is central to achievement of user needs and should be shown prominently. Disclosure applies to the provision of “supporting information,” which makes core information more useful, and is equal in importance to core information. Therefore presentation is not used just to mean information shown on the face of a statement and disclosure is not limited to information in the notes to the financial statements. Reference to presentation and disclosure in other phases should reflect the development of these terms in Phase 4.

General Terminology and Acronyms

19. The same terminology and acronyms need to be used for each ED. The draft final chapters of Phase 1 have established the template to be followed in subsequent phases. It is not intended to discuss terminology and acronyms in any detail. Consistency is primarily the responsibility of the Coordinator, in conjunction with the lead authors. Appendix B flags some of the areas where consistency is necessary.

Action Requested:

Members are asked to **note** the general approach to dealing with linkages between the phases of the Framework and to **highlight** any further areas where they consider that particular attention is necessary.

Linkage between the Four Phases of the Project and the Key Characteristics Document

20. The ED, *Key Characteristics of the Public Sector with Potential Implications on Financial Reporting*, was issued in April 2011, having previously been made available on the website as a Staff draft. A number of respondents to the ED expressed concern that the impact that the characteristics identified in the ED have on different areas of the Framework was not always clear. At the March 2012 meeting, the Board directed that the ED should be further developed and incorporated in the finalized Framework as an Introduction or Preface. The finalized *Key Characteristics* will identify areas where the characteristics have had an impact on the Framework. It is important that, where appropriate, the individual chapters and sections of the Framework should refer back to *Key Characteristics*. This will avoid the need to restate matters identified in the *Key Characteristics* document and also respond to concerns that the linkages between the characteristics identified in the ED and the Framework are not always clear.
21. Following directions at the March meeting *Key Characteristics* will include the following sections:
 - The volume and financial significance of non-exchange transactions;
 - The importance of the approved budget;
 - The nature and purpose of assets in the public sector;

- The longevity of the public sector;
- The regulatory role of government;
- Ownership or control of rights to natural resources and phenomena; and
- Statistical bases of accounting.

22. Some of the main linkages are:

- **The volume and financial significance of non-exchange transactions:** Although some respondents have argued that the distinction between exchange and non-exchange transactions has been exaggerated, (or should not be made at all) it is emphasized in the *Key Characteristics* document. The prevalence of non-exchange transactions has a pervasive impact on the Framework, including the objectives and scope of financial reporting, the definition of the elements of financial statements and issues in identifying and applying potential measurement bases. It is not feasible to map to all of these potential impacts. The impact on the definition of certain of the elements in Phase 2 is likely to be made quite explicit, although that impact is still being developed and has not yet been fully determined, e.g., the restriction of the proposed elements of deferred inflows and deferred outflows to non-exchange transactions.
- **The importance of the budget:** *Key Characteristics* highlighted the importance of the budget in the public sector. In the public sector the budget has both legal significance and the approved budget is the primary method by which the legislature (or similar body) exercises oversight over expenditure, and citizens and their elected or appointed representatives hold the government or public sector entity accountable for its management of public finances. The main linkage is to Phase 1's discussion of the information needs of service recipients and resource providers.
- **The nature and purpose of assets in the public sector:** *Key Characteristics* noted that in the public sector the primary purpose of holding property, plant, and equipment, and intangible assets is to provide goods and services to citizens, and other eligible individuals and groups, rather than to generate cash flows. The primary linkages are (a) in Phase 2 where the current definition of an asset includes both "service potential" and "economic benefits," and (b) to Phase 3: *Measurement*, in particular that many public sector assets are not traded on active and liquid markets and that entry and exit values may therefore differ significantly.
- **The longevity of the public sector:** *Key Characteristics* highlighted that governments may operate a number of programs with very long-term horizons where the effects of past decisions may only become clear many years, even decades, in the future. This characteristic has an impact on the information needs of users and may indicate that prospective financial and non-financial information should be provided, as discussed in Phase 1. The long-term nature of a number of highly significant programs, particularly those that relate to the provision of social benefits, also indicates the importance of identifying the appropriate past event at which an obligation may become a liability and why a past event is included in the definition of a liability as an essential characteristic in Phase 2.
- **The regulatory role of government:** *Key Characteristics* noted that many governments have powers to regulate entities operating in certain sectors of the economy, either directly or through agencies specifically created for that purpose. The main linkage is with the commentary on the definition of an asset in Phase 2, where it has been decided to omit a

reference to the ability to regulate access to a resource, because of the possibility that such a reference could be confused with the regulatory role of government.

- **Ownership or control of rights to natural resources and phenomena:** *Key Characteristics* noted that governments often have rights to natural resources such as mineral reserves, water, fishing grounds and forests. Such rights allow them to grant licenses or obtain royalties and taxes. The primary linkage is with the Phase 2 development of the definition of an asset and whether a power or right gives rise to an asset prior to the exercising of that right.

Action Requested:

Members are asked to **confirm** the approach to dealing with linkages with *Key Characteristics* or **provide** alternative directions.

The Basis for Conclusions

23. In common with IPSASB EDs and final pronouncements, CF–ED1 included a BC. The BC was included in the draft final chapters of Phase 1 considered at the Dusseldorf meeting. The EDs for the subsequent three phases and the finalized Framework will also include BCs. Although the BCs are not formally part of the Framework they are crucial in explaining the IPSASB's decision making. They are therefore essential for IPSASB's accountability to constituents and in providing details of the factors that the IPSASB has considered in developing concepts for future Boards. It is likely that the BCs will be more voluminous than the core text. It is therefore important that the style and format of the BCs is consistent between the four phases.
24. The BCs follow the sequence of the core text. While there is no presumption that the BC will map on a paragraph-to-paragraph basis with the core text, there should at least be consideration of whether each paragraph in the core text needs to be supported by a BC paragraph(s). The BC provides an explanation of the IPSASB's reasoning in forming a view on a particular issue. Where appropriate the BC may refer to the views of respondents expressed in submissions to CPs and EDs. However, such discussion should focus on the substance of arguments rather than the numbers (in raw terms or percentages) of respondents supporting a particular view. It is essential that the BC provides a reasoned and balanced analysis of the reason for adopting the agreed approach and avoids bald or unsupported assertions. The BC is meant to support a Framework that will last for a considerable time, so authors should avoid highly detailed explanations of changes in view from CPs to EDs and from EDs to the finalized Framework.
25. For CF–ED1 the BCs were located after each chapter. This format was also adopted in the draft final chapters for Phase 1 of the Framework considered in Dusseldorf and will be used in the finalized Framework. The location of the BC for Phase 1 reflects the fact that the chapters in CF–ED1 and the draft final chapters, although inter-related, address separate topics: Role and Authority of the Conceptual Framework; Objectives and Scope of Financial Reporting and Users of General Purpose Financial Reports; Qualitative Characteristics of, and Constraints on, Information included in General Purpose Financial Reports; and the Reporting Entity. The BCs for CF–ED2, CF–ED3 and CF–ED4 will be at the end of each document rather than at the end of each section. This

reflects the fact that, generally, these phases deal with homogeneous issues: respectively Elements and Recognition,² and Measurement and Presentation.

26. In order to demonstrate IPSASB's accountability to respondents there is a presumption that, if an issue was significant enough to have been raised as a Specific Matter for Comment (SMC), there should be a reference to that issue in the BC, regardless of whether the issue is explicitly addressed in the core text of the Framework. These references do not have to be highly detailed. For example, the Phase 3 Consultation Paper (CF-CP3) raised in SMCs the issues of (a) own credit risk, and (b) measurement of assets that may be sold for an alternative use. After considering the responses to CF-CP3 the IPSASB was persuaded by those respondents who argued that these issues are standards-level and should not be addressed in the Framework. The BC will therefore indicate why the IPSASB was convinced by these arguments.

Action Requested:

Members are asked to **confirm** the key features of the approach to Bases for Conclusions. In particular the BCs should:

- Follow the core text of the Framework;
- Refer, where appropriate, to the views of respondents expressed in submissions to Consultation Papers, but with such discussion focusing on the substance of arguments rather than the numbers (in raw terms or percentages) of respondents supporting a particular view;
- Provide an explanation of the IPSASB's reasoning in forming a view on a particular issue;
- Be positioned at the end of each individual Chapter for Phase 1;
- Be consolidated after the core text for each of Phases 2–4; and
- Ensure that all matters raised in SMCs are addressed with the level of detail being determined by the significance of the issue.

Summaries of the International Accounting Standards Board Conceptual Framework and the Statistical Bases of Accounting

27. CF-ED1 included summaries of the main features of the IASB's Conceptual Framework³ and the Statistical Bases of Reporting⁴ (the Statistical Bases) as appendices after each chapter. The initial purpose of these summaries was to highlight differences between the IASB Framework and the Statistical Bases similarly to the "Comparison with IFRS," which has been a standard feature of "convergence" or "alignment" International Public Sector Accounting Standards (IPSASs), primarily drawn from IFRSs. However, in order to emphasize that the Framework is a public sector specific project rather than an interpretation of the IASB Framework it was decided that the appendices should highlight the main aspects of the IASB Framework and the Statistical Bases rather than identifying differences with the IPSASB's developing Framework. Staff also notes that CF-CP1 identified, and included an explanation of, the key differences with the IASB Framework and

² The approach and location of concepts and commentary relating to recognition has still to be determined. See Agenda Item 4A.

³ The IASB's 1989 Conceptual Framework, as updated in some areas, by the currently paused IASB-FASB joint project.

⁴ The 1993 System of National Accounts (updated 2008) and other guidance derived from it (European System of Accounts 95 and Government Finance Statistics Manual 2001).

reasons for those differences as part of the text of each section—usually where the IPSASB proposal was identified.

28. In the view of the Coordinator the appendices are very useful to readers, particularly those from jurisdictions where the relationship between IFRSs and IPSASs is important and those from jurisdictions where convergence between IPSASs and the statistical bases of accounting is a significant issue. However, the Coordinator considers it inappropriate to retain the summaries in the finalized Framework. There are two main reasons for this. First, from a practical perspective, the IASB Framework is likely to change significantly when, the IASB Framework project is reactivated and concepts are developed and finalized for phases, where work was paused in 2010 or where work has not yet started. Similarly, there are changes likely to the statistical bases of accounting in the near future. Changes to the IASB Framework and the Statistical Bases of Accounting would necessitate amending the IPSASB's Framework quite regularly. Second, the Coordinator's recommendation also reflects the point in paragraph 27 about ensuring that the Framework is perceived as a pronouncement developed from first principles by IPSASB, rather than an interpretation of the IASB Framework. It is also important that the Framework is not open to distorted interpretations that the IPSASB is envisaging full convergence with the statistical bases of accounting.
29. The Coordinator acknowledges a view that the summaries of the main points of the IASB Framework and the Statistical Bases of Accounting should be made available on the website, and updated as appropriate to reflect future developments in both areas. However, such summaries would require considerable maintenance and could become contentious. Therefore the Coordinator's view is that the summaries should not be included on the website.

Action Requested:

Members are asked to **confirm** that (a) summaries of the main principles in the IASB Conceptual Framework and the main requirements of Statistical Bases of Accounting **should not be** included in the finalized IPSASB Conceptual Framework and that (b) the summaries **should not be** made available on the IPSASB section of the IFAC website, or **provide** alternative directions.

Integrated Reporting

30. At the March 2012 meeting members were informed of a meeting between the Coordinator and members of the secretariat of the International Integrated Reporting Council (IIRC). It was noted that, in developing an Exposure Draft of the Integrated Reporting Framework, the IIRC was considering creating a topic-specific work stream comprising a series of small projects. One of these topic-specific work streams was likely to be the "public sector." The possibility of the Chartered Institute of Public Finance and Accountancy (CIPFA) taking a lead role in a public sector work stream was also noted. The Chair and Members considered it important for IPSASB to be working with CIPFA in evaluating the approach to the public sector. The Coordinator was directed to keep Members informed of developments.
31. In early May the Coordinator participated in a meeting with the IIRC Chief Executive, Paul Druckman, the CIPFA Chief Executive, Steve Freer, and members of the secretariats of both organizations. At that meeting it was agreed that CIPFA would take the lead in developing an informal Issues Paper, which will primarily deal with two related issues:
- (a) Is integrated reporting relevant to governments and public sector entities?; and

- (b) If integrated reporting is relevant what should the timelines be for its introduction?
32. The Coordinator will be part of the small CIPFA group developing the Issues Paper. The paper is intended to be followed by a roundtable later this year. It will be important for IPSASB to be represented at this event. The Coordinator will keep members informed of further developments.

Action Requested:

Members are asked to **note** the developing approach to the public sector in the IIRC's project to develop a framework for integrated reporting.

Appendix A: Conceptual Framework Project Plan 2010–2014

	Phase 1: Objectives, QCs, Scope & RE	Phase 2: Elements and Recognition	Phase 3: Measurement	Phase 4: Presentation	Key Characteristics of Public Sector
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>ED Approve Issue October</i>	<i>ED Approve Issue October</i>	<i>RR Directions to Staff</i>	
Dec 2012	<i>FC Interim review for linkages with Phases 2–4 and Key Characteristics Directions to Staff for revision</i>			<i>ED Discuss</i>	<i>FC Interim review for linkages with Phases 1–4 Directions to Staff for revision</i>
Mar 2013				<i>ED Discuss, & approve Issue April 2013</i>	
June 2013		<i>RR Initial directions to Staff</i>	<i>RR Initial directions to Staff</i>		
Sept 2013	<i>CIA Phases 2–4 Directions to Staff for revision if necessary</i>	<i>RR Further directions to Staff</i>	<i>RR Further directions to Staff</i>		<i>FC Review and directions to Staff for finalization</i>
Dec 2013	<i>FC Approve</i>	<i>FC Review and directions to Staff for finalization</i>	<i>FC Review and directions to Staff for finalization</i>	<i>RR Directions to Staff</i>	<i>FC Finalize and approve</i>
Mar 2014	<i>FC Incorporate in Final Framework</i>	<i>FC Approve and incorporate in Final Framework</i>	<i>FC Approve and incorporate in Final Framework</i>	<i>FC Approve and incorporate in Final Framework</i>	<i>FC Incorporate in Final Framework</i>
May 2014	I	S	S	U	E

Key: ED: Exposure Draft, DI: Discussion of Issues, RR: Review of Responses, FC: Final Chapter, CP: Consultation Paper, CIA: Consider Issues Arising from Other Phases of Project

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.
- A2. An ED, *The Key Characteristics of the Public Sector with Potential Implications on 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 a Board document and issued in April 2011 with a consultation expiry date of August 31, 2011. A review of responses took place in March 2012. It was decided to further develop the ED with a view to inclusion in the Framework as an Introduction or Preface. The ED will be revised and reconsidered on an interim basis in December 2012 and a further version will be considered in September 2013, so that directions can be provided for finalization and approval in December 2013.
- A3. There will be a six month exposure period for Phase 2 and Phase 3 EDs—comment period ending mid-late April 2013.
- A4. At the March 2012 meeting the IPSASB provided directions to Staff on the finalization of certain matters and approved the final draft of the Phase 1 chapters, subject to final review as the other phases are further developed. Final draft chapters will be further considered in the light of linkages with other phases of the Framework and the *Key Characteristics* document in December 2012. A further review is planned for September 2013 with final approval for Phase 1 chapters in December 2013. This further review and the timing of final approval are dependent on any decision to issue the Phase 1 chapters before completion of other phases and the format of such publication.
- A5. There is no current presumption that an integrated (umbrella) ED of the proposed Conceptual Framework will be issued. However, subject to a decision on how and when the final Chapters of Phase 1 are to be issued, further discussions may be held when the Framework is further advanced on whether to issue such an integrated (umbrella) ED covering all four phases, and, if so, in what format.
- A6. There is an exposure period of four months for the Phase 4 Consultation Paper (comment period ending late May 2012) and a four month exposure period is projected for the Phase 4 ED (comment period ending mid-August 2013).
- A7. Projection is to issue finalized Framework in first half of 2014.

Appendix B: Considerations on Terminology and Acronyms

The same terminology and acronyms need to be used for each ED. The draft final chapters of Phase 1 have established the template to be followed in other phases:

- On first reference the term “general purpose financial reporting” is provided in full. A bracketed “hereafter financial reporting” indicates that future references in the document will be to “financial reporting”;
- On first reference the term “general purpose financial reports (GPFRs)” is used. Subsequently the acronym GPFRs is used.
- On first reference the term “general purpose financial statements” is provided in full. A bracketed “hereafter financial statements” indicates that future references in the document will be to “financial statements”; and
- When referring to Consultation Papers or Exposure Drafts the first reference is to the full italicized title of the publication e.g., Consultation Paper, *Conceptual Framework for General Purpose Financial Reporting by Public Sector Entities: Elements and Recognition in Financial Statements*. Subsequent references are to the acronym CF–CP3 (en dash).