

## Dissenting opinion

### Dissenting opinion of Kevin M Stevenson

- DO1 Mr Stevenson does not support the publication of AASB 2011-X *Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project*, because he believes that the introduction of paragraphs 19-22 of IAS 1 into AASB 101 is potentially detrimental to the quality of financial reporting. While he strongly agrees with the objective of harmonising the financial reporting requirements between Australia and New Zealand, he believes that the inclusion of one particular requirement for the sake of IFRS alignment could produce significant unintended consequences.
- DO2 Paragraphs 19-22 of IAS 1 permit a departure from Standards, in certain circumstances, when management concludes that compliance with a requirement in a Standard would be so misleading that it would conflict with the objective of financial statements set out in the *Framework*. This may be termed a true and fair override.
- DO3 Mr Stevenson's concerns stem from his belief that the role of standard setters such as the AASB is to formulate Standards with expectation of compliance by the entities to which they apply. Accordingly, he believes that the AASB should not be formulating Australian Accounting Standards that contemplate departures from Standards in certain circumstances.
- DO4 Mr Stevenson is concerned that AASB 2011-X puts AASB in an inconsistent position with regard to entities in different sectors. Under the new requirements, as well as including paragraphs 19-22 of IAS 1, the AASB has included an additional Australian-specific prohibition on not-for-profit entities departing from Australian Accounting Standards (in paragraph Aus19.1) of AASB 101. This means that not-for-profit entities cannot apply paragraphs 19-22 of IAS 1 but that certain for-profit entities (those that are not regulated by a reporting framework which prohibits such a departure, e.g. *Corporations Act 2001*) are able to apply paragraphs 19-22. Thus he sees the AASB as seeing itself as the regulator for not-for-profit entities, whilst treating someone else as the regulator for a limited group of for-profit entities.
- DO5 Mr Stevenson believes that the AASB's existing approach is appropriate, under which the AASB's Standards do not contemplate non-compliance with Australian Accounting Standards for any entities to which they apply. He sees nothing in IFRS requirements that preclude this approach.