



Australian Government
Australian Accounting
Standards Board

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20 December 2010

Mr Ken McKenzie
Chairman
Financial Reporting Panel
Langton Crescent
Parkes
Canberra ACT 2600

Dear Mr McKenzie

FRP Findings

At its 8-9 December 2010 meeting, the AASB noted the recent findings of the FRP and considered whether there could be any implications for the Board's own work.

The Board noted that, in principle, FRP forming a view on the application of Accounting Standards to a particular set of facts and circumstances is, in a sense, no different from the types of judgements made regularly by preparers and auditors. However, given the status of the FRP, the Board observed that the findings could be interpreted by some as being authoritative.

Given the Board's policy of IFRS adoption (including Interpretations issued by the IFRS Interpretations Committee) in Australia, the Board asked me to write to you suggesting that the FRP tries to restrict the possibilities of wrong inferences being taken about its findings. The Board particularly asked that the FRP express its findings, whenever possible, in such a way that they are clearly seen to be limited to the facts and circumstances that were brought to the FRP's attention.

The Board has asked AASB staff to monitor the findings of the FRP and bring to the Board's attention any issues that could warrant the Board writing, in accordance with accepted existing protocols, to other national standard setters, and ultimately the IASB, suggesting the issue of a formal Interpretation or clarification or other amendment to a Standard. If the FRP becomes aware of any such issues, we would be pleased to discuss them with you.

Yours faithfully

Kevin M. Stevenson
Chairman and CEO