

16 June 2011

Kevin Stevenson
Chairman
Australian Accounting Standards Board
PO Box 204
Collins Street West Victoria 8007

By Email: standard@asb.gov.au

Dear Kevin

AASB ED 211 Proposed Amendments to AASB 1049

CPA Australia, the Institute of Chartered Accountants in Australia (the Institute), and the Institute of Public Accountants (the Joint Accounting Bodies) are pleased to respond to the AASB ED 211 Proposed Amendments to AASB 1049.

The Joint Accounting Bodies represent over 190,000 professional accountants in Australia. Our members work in diverse roles across public practice, commerce, industry, government and academia throughout Australia and internationally.

The Joint Accounting Bodies support amendments to AASB 1049 as articulated in the proposals to:

- a. unambiguously require both GGS and whole of government financial statements to be prepared;
- b. require, at all times, GGS and whole of government financial statements to be available at the same time and with a cross reference to each other;
- c. clarify the principle of 'a GAAP option is limited align with GFS';
- f. clarify the requirements for the presentation of key fiscal aggregates and any other fiscal aggregates that are disclosed; and
- g. clarify the requirements for recasting budgeted financial statements for disclosure purposes.

We agree that none of the proposed amendments to disclosure requirements have implications for Tier 2 reporting requirements, as the application of AASB 1049 is limited to Tier 1 entities.

We note that paragraph Aus 15.4 of AASB 101 *Presentation of Financial Statements* does not apply to the GGS. Accordingly, paragraph 12 of AASB 1049 does not require the GGS to disclose that its financial statements are general purpose financial statements (GPFS) or special purpose financial statements (SPFS). Put differently, AASB 1049 is silent on whether its application will result in the financial statements of the GGS being GPFS.

Representatives of the Australian Accounting Profession



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Chartered Accountants
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The absence of this information from the accounting standard means that the accounting standard does not explicitly answer, by reference to GPFS/SPFS, the question of what is the applicable financial reporting framework for use by the entity. The *Clarity* auditing standards require the auditor to understand and determine the acceptability of the auditee's chosen financial reporting framework used to prepare the financial statements as part of their engagement acceptance process. Further, when the auditor's report is on a SPFS, the auditor's report will be required to include an emphasis of matter. We consider that the approach to be taken by the auditor in the engagement process and when reporting on the financial statements of the GGS might not be clear and we encourage the AASB to talk to the AUASB on this matter to determine whether further clarification by one or both boards is necessary.

If you require further information on any of our views, please contact Mark Shying, CPA Australia by email mark.shying@cpaaustralia.com.au, Kerry Hicks, the Institute by email kerry.hicks@charteredaccountants.com.au or Tom Ravlic Institute of Public Accountants by email tom.ravlic@publicaccountants.org.au.

Yours sincerely

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