



Dr. Keith Kendall
Chair
Australian Accounting Standards Board
PO Box 204
Collins Street West VIC 8007

via email: standard@asb.gov.au

19 January 2022

Dear Keith,

RE: Exposure Draft 315 *Extending Transition Relief under AASB 1*

I am responding to your invitation to comment on Exposure Draft 315 on behalf of PwC.

PwC supports the AASB's proposal to allow a subsidiary that becomes a first-time adopter later than its parent to measure its assets and liabilities at the carrying amounts that would be included in the parent's consolidated financial statements where the parent has already adopted either Australian Accounting Standards (AAS) or International Financial Reporting Standards (IFRSs). We do not believe this will reduce the relevance and the reliability of a for-profit subsidiary's financial statements, given the measurement basis is expected to be consistent between AAS and IFRS for for-profit entities.

We note that BC13 confirms that Australian not-for-profit entities would also be able to apply the exemption in paragraph D16(a) where they become a first-time adopter later than an IFRS compliant parent. The AASB may consider whether additional clarification is needed as to how not-for-profit entities would comply with AASs on an ongoing basis, given the recognition and measurement differences between the IFRS and the AAS for not-for-profit organisations.

PwC supports the AASB's proposal to provide transitional relief to entities that previously prepared Tier 2 general purpose financial statements but did not prepare consolidated financial statements on the basis that neither the parent nor the group were a reporting entity. We note that AASB 1053 *Application of Tiers of Australian Accounting Standards* para 18A (b)(i) allows entities that previously prepared special purpose financial statements without presenting consolidated financial statements (on the basis that neither the parent entity nor the group were a reporting entity) to apply AASB 1 in preparing consolidated financial statements for the first time. We agree that entities that previously prepared Tier 2 general purpose financial statements should be provided with the same transitional relief.

I would welcome the opportunity to discuss our firm's views at your convenience.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Erin Craike', written in a cursive style.

Erin Craike
Partner

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