

24 January 2007

Professor David Boymal FPNA
Chairman
Australian Accounting Standards Board
Level 7
600 Bourke Street
Melbourne VIC 3000

Dear David

Re: ED 151

The National Institute of Accountants (NIA) supports the general thrust of the exposure draft ED 151 released by the Australian Accounting Standards Board (AASB). Our organization is a member of the International Federation of Accountants (IFAC) and as such supports the use of these standards and the globalisation of financial reporting in the public interest.

Our remarks below relate to the subsequent impact of the implementation of the proposed standard.

Removal of disclosures

We note that this process removes the obligation for companies to make some disclosures because the disclosures do not exist in the international standards. This is supported as it will assist in removing doubts about whether Australia has truly adopted the international pronouncements.

It is our view, however, that entities must continue to make disclosures describing the entity, its financial performance and financial position to users of financial statements. We will encourage our members to continue, where relevant, including disclosures that may have been deleted as part of the adoption process as a matter of best practice in both reporting and governance.

The NIA views accounting standards as establishing core presentation and disclosures principles rather than limiting the amount of disclosure an entity must make to the market. We believe our members and other stakeholders must provide disclosures that lead to a better understanding of the accounting reflected in the financial statements.

We consider that disclosures such as those in AASB 127, paragraph Aus 40.1, dealing with the application of the concept of control in a specific circumstances are useful and provide much needed information to a reader.

Options in standards

While we support the exposure draft we remain concerned about the continuing existence of explicit choices of accounting treatments in several legacy standards adopted by the International Accounting Standards Board (IASB). We will continue to argue at an international level for the IASB to expedite the removal of options from the standards.

We would be happy to discuss the above with the AASB should this be considered appropriate.

Kindest Regards

Tom Ravlic PNA
Policy Adviser – Financial Reporting and Governance
National Institute of Accountants