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Ms Kris Peach
Chair
Australian Accounting Standards Board
PO Box 204
Collins Street West VIC 8007

8 August 2018

Dear Kris

ITC 39 - Applying the IASB's Revised Conceptual Framework and Solving the Reporting Entity and Special Purpose Financial Statement Problems - Phase 1: Short-term approach

We are pleased to have the opportunity to comment on Australian Accounting Standards Board (AASB) Consultation Paper ITC 39 – *Applying the IASB's Revised Conceptual Framework and Solving the Reporting Entity and Special Purpose Financial Statement Problems (ITC 39) – Phase 1: Short-term approach*.

We agree with the short-term approach proposed in ITC 39. One of the central tenets of the AASB strategy is the adoption of IFRS-based accounting standards to support comparable financial reporting around the world for the benefit of financial statements preparers and users. This enables publicly accountable for-profit entities in Australia to claim (and maintain) compliance with IFRS. We also agree with the AASB not issuing an Exposure Draft for the short-term approach or the proposed amendments to the identified Australian Accounting Standards as detailed in Appendix A of ITC 39.

Please refer to the Appendix for our detailed comments on the specific and general matters for which feedback was requested.

We would be pleased to discuss our comments with members of the AASB or its staff. If you wish to do so, please contact myself on (02) 9455 9744 or Julie Locke on (02) 6248 1190.

Yours sincerely

Michael Voogt
Director

Appendix

Specific matters for comment

- 1 ***Do you agree with the short-term approach to maintain IFRS compliance by introducing the RCF in Australia?*** That is, do you agree that the RCF should be applicable for publicly accountable for-profit entities that are required to prepare Tier 1 GPFS and other entities that are voluntarily reporting compliance with IFRS, and the existing Framework should continue to be applicable to other entities in the short term until the medium term solution is implemented? Please indicate reasons for your response and if you disagree, please provide suggestions for an alternative approach for the AASB to consider.

We agree with the short-term approach to maintain IFRS compliance by introducing the RCF in Australia. One of the central tenets of the AASB strategy is the adoption of IFRS-based accounting standards to support comparable financial reporting around the world for the benefit of financial statements preparers and users. This enables publicly accountable for-profit entities to claim (and maintain) compliance with IFRS.

- 2 ***Do you agree that the short-term approach should be made applicable to both publicly accountable for-profit private sector and public sector entities?*** That is, do you agree that the RCF should be applicable for publicly accountable public sector entities that are required to prepare GPFS in accordance with Tier 1 reporting requirements (who are currently claiming compliance with IFRS) as well? Please indicate reasons for your response and if you disagree please provide suggestions for an alternative approach for the AASB to consider.

We agree that that the short-term approach should be made applicable to publicly accountable for-profit private sector entities. The definition of public accountability contained in AASB 1053 does not apply to public sector entities. For those public sector entities electing to prepare Tier 1 GPFS, and claiming IFRS compliance, we agree that the short-term approach should be applicable.

We do not foresee issues with applying the short-term approach in both sectors – i.e. for entities that are required, or voluntary elect, to prepare Tier 1 GPFS.

- 3 ***Are you aware of publicly accountable for-profit entities currently self-assessing as non-reporting entities and preparing SPFS that would have implications under the AASB's short-term approach?*** If so please provide specific examples including why these entities are not currently applying AASB 1053 and preparing Tier 1 GPFS although they would otherwise meet the definition of public accountability.

We have made a number of enquiries amongst our client base and not identified any groups of entities which meet the public accountability definition and are self-assessing as non-reporting entities and preparing SPFS.

We are aware as part of wider community consultation that some Australian securitisation vehicles with notes (debt) listed on a stock exchange may not have previously assessed whether they meet the public accountability definition. Typically these entities are preparing SPFS.

- 4 Do you agree with the AASB’s amendments to the definition of ‘public accountability’ in AASB 1053 per IFRS for SMEs Standard (refer to Appendix A)?** Please indicate reasons for your response and if you disagree, please provide suggestions for the AASB to consider.

We agree with the AASB’s amendments to the definition of ‘public accountability’ in AASB 1053 per IFRS for SMEs Standard.

- 5 Do you agree with the proposed amendments to SAC 1 Definition of the Reporting Entity and the following Australian Accounting Standards, as set out in Appendix A:**
- (i) **AASB 9 Financial Instruments;**
 - (ii) **AASB 14 Regulatory Deferral Accounts;**
 - (iii) **AASB 101 Presentation of Financial Statements;**
 - (iv) **AASB 1048 Interpretation of Standards;**
 - (v) **AASB 1053 Application of Tiers of Australian Accounting Standards; and**
 - (vi) **AASB 1057 Application of Australian Accounting Standards.**

We agree with the proposed amendments to SAC 1 *Definition of the Reporting Entity* and the Australian Accounting Standards detailed above, as set out in Appendix A.

General matters for comment

- 6 Whether the AASB’s Standard-Setting Frameworks for For-Profit and Not-for-Profit Entities has been applied appropriately in developing the proposals in Phase 1.**

We consider that the Standard-Setting Frameworks has been appropriately applied in developing the proposals for Phase 1.

- 7 Whether there are any regulatory issues or other issues arising in the Australian environment that may affect the implementation of the proposals.**

We are not aware of any other issues.

- 8 Whether, overall, the proposals would result in financial statements that would be useful to users.**

We believe overall the proposals would result in financial statements that would be useful to users.

9 *Whether the proposals are in the best interests of the Australian economy.*

Having for-profit publicly accountable entities able to prepare globally comparable financial reports, and claim IFRS compliance, is, we believe, in the best interests of the Australian economy.

10 *Unless already provided in response to specific matters for comment above, the costs and benefits of the proposals relative to the current requirements, whether quantitative (financial or non-financial) or qualitative. In relation to quantitative financial costs, the AASB is particularly seeking to know the nature(s) and estimated amount(s) of any expected incremental costs, or cost savings, of the proposals relative to the existing requirements.*

We have no further comments.