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4 June 2021

Dear Dr Kendall

Fatal Flaw Review Version – AASB 2021-X – 'Amendments to Australian Accounting Standards – Modified Retrospective Transition Approach for Service Concession Grantors'

The Audit Office of New South Wales (Audit Office) welcomes the opportunity to comment on Fatal Flaw Review Version – AASB 2021-X – 'Amendments to Australian Accounting Standards – Modified Retrospective Transition Approach for Service Concession Grantors'.

The Audit Office appreciates the Board's efforts to review the approach to measuring the Grant of a Right to the Operator (GORTO) liability on initial application when applying the current modified retrospective transition requirements of para C4(c) in AASB 1059. The Audit Office notes the amendments:

- clarify the decision process when calculating the GORTO liability
- insert a requirement to deduct the carrying amount of any consideration paid by the grantor to the operator recognised as an asset.

The Audit Office agrees with the Board that this amendment will better align the treatment on initial application of AASB 1059 with the treatment of existing assets of the grantor when calculating the grantor's liability under paragraphs 11 and 12 of AASB 1059.

The Audit Office appreciates the opportunity to comment and trusts the above comments are useful.

Yours sincerely

Margaret Crawford
Auditor-General for New South Wales