

14 January 2021

Dr Keith Kendall  
Chair  
Australian Accounting Standards Board  
Podium Level,  
Level 14, 530 Collins Street,  
Melbourne VIC 3000

*By email: [standard@asb.gov.au](mailto:standard@asb.gov.au)*

Dear Dr Kendall,

## **Response to AASB ED 306 - Transition Between Tier 2 Frameworks for Not-for-Profit Entities**

We welcome the opportunity to provide the Australian Accounting Standards Board ("AASB", "the Board") with our views on Exposure Draft ED 306 *Transition Between Tier 2 Frameworks for Not-for-Profit Entities*.

Nexia Australia Pty Ltd represents the seven Australian firms comprising the Nexia Australia network with over 60 partners servicing clients from small to medium enterprises, large private companies, not-for-profit entities, subsidiaries of international companies and listed public companies. Our position within the SME market qualifies us to share our views on the Board's proposals.

Appendix E of AASB 1060 permits for-profit entities not to restate comparative information where AASB 1060 is first applied before 1 July 2021.

At present, not-for-profit entities considering applying AASB 1060 before 1 July 2021 are hampered with a cost disadvantage compared to for-profit entities because AASB 1060 does not provide them with the same transitional relief.

We were hopeful that the AASB would address this burden placed on not-for-profit entities and encourage them to adopt a general purpose reporting framework by extending to them the same transitional relief currently enjoyed by for-profit entities.

However, the relief proposed in ED 306 extends only comparative information in the notes to the financial statements if the entity did not disclose the comparable information in its most recent previous Tier 2 general purpose financial statements.

In our opinion, the relief proposed by ED 306 will be of limited benefit to not-for-profit entities and fails to address the fundamental deficiency in AASB 1060.

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In our opinion, the proposals to not reduce the impediments to not-for-profit entities adopting AASB 1060 before 1 July 2021 and, while a step in the right direction, are of limited benefit.

Should you wish to discuss any aspects of our submission, please contact the undersigned.

Sincerely

**Nexia Australia Pty Ltd**



**Martin Olde**

National Technical Director