

16 May 2008

Professor David Boymal
The Chairman
Australian Accounting Standards Board
PO Box 204
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Via email: standard@aasb.com.au

Dear David

Proposed Amendments to Key Management Personnel Disclosures by Disclosing Entities

CPA Australia, the Institute of Chartered Accountants in Australia and the National Institute of Accountants, hereafter referred to as the 'joint accounting bodies', are pleased to have this opportunity to comment on Exposure Draft ED 162 Proposed Amendments to Key Management Personnel Disclosures by Disclosing Entities.

The joint accounting bodies support the streamlining of the remuneration information required by the Corporations Act and AASB 124 Related Party Disclosures.

As an interim step we agree that the avoidance of duplication of reporting requirements is needed. Accordingly, the joint accounting bodies fully support the Australian Accounting Standards Board's objective of issuing the proposed amendment to exclude disclosing entities that are companies from the application of AASB 124 paragraphs Aus25.2 to Aus25.6 and Aus25.7.1 and Aus25.7.2.

However, the joint accounting bodies consider that the proposed Standard does not fully achieve the AASB's objective. The joint accounting bodies understand that the effect of the Corporations Amendment Regulation 2007 (No 2) receiving royal assent on 28 June 2007 is that the Corporations Act Regulation 2M.6.04 ceased to have application to annual financial reporting periods beginning on or after that date. Further, the joint accounting bodies note that the application date for the proposed Standard is to annual reporting periods ending on or after 30 June 2008.

Representatives of the Australian Accounting Profession



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Consequently, companies with an annual reporting period beginning on or after 28 June 2007 and ending before 30 June 2008 will be required to make the same disclosures twice.¹ We understand this is not the AASB's intention. Accordingly, we strongly suggest that paragraph 3 of the proposed Standard be rewritten as:

"This Standard applies to annual reporting periods beginning on after 28 June 2007. Early adoption of this standard is not permitted."

As a separate step, the joint accounting bodies urge the AASB to undertake a longer term review of the Aus paragraphs in AASB 124 and their relationship with the Corporations Act and IAS 24 Related Party Disclosures.

Feel free to contact Mark Shying (CPA Australia) on 03 9606 3903, Kerry Hicks (Institute of Chartered Accountants in Australia) on 02 9290 5703 or Tom Ravlic (National Institute of Accountants) on 03 8665 3143 should you require further information.

Yours sincerely



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¹ Section 323D(2) of the *Corporations Act 2001* states "...subsequent financial years must: (a) start at the end of the previous financial year; and (b) be 12 months long. The directors may determine that the financial year is to be shorter or longer (but not by more than 7 days)."