

26 November 2009

Mr Kevin Stevenson  
Chairman  
Australian Accounting Standards Board  
PO BOX 204  
Collins Street West VIC 8007

Email: [standard@asb.gov.au](mailto:standard@asb.gov.au)

Dear Kevin

**ED 180 Income from Non-exchange Transactions (Taxes and Transfers)**

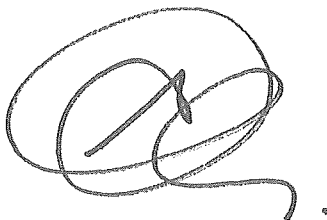
CPA Australia, the Institute of Chartered Accountants in Australia and the National Institute of Accountants (the Joint Accounting Bodies) are pleased to respond to the Exposure Draft ED 180 *Income from Non-exchange Transactions (Taxes and Transfers)* as an intended replacement for AASB 1004 *Contributions*.

The Joint Accounting Bodies represent over 180,000 professional accountants. Our members work in diverse roles across public practice, commerce, industry and academia throughout Australia and internationally.

The Joint Accounting Bodies support the introduction of the [proposed] Standard *Income from Non-exchange Transactions (Taxes and Transfers)* and consider that it will improve the consistency and appropriateness of accounting for grants and appropriations. We do, however, have concerns with mandating the disclosure of major classes of services in-kind received, as this is in excess of what the IPSASB requires.

If you require further information on any of our views, please contact Mark Shying, CPA Australia, via email at [mark.shying@cpaaustralia.com.au](mailto:mark.shying@cpaaustralia.com.au); Kerry Hicks, the Institute, at [kerry.hicks@charteredaccountants.com.au](mailto:kerry.hicks@charteredaccountants.com.au); or Tom Ravlic, NIA, at [tom.ravlic@nia.org.au](mailto:tom.ravlic@nia.org.au).

Yours sincerely



Alex Malley  
Chief Executive Officer  
CPA Australia Ltd



Graham Meyer  
Chief Executive Officer  
Institute of Chartered  
Accountants in Australia



Andrew Conway  
Chief Executive Officer  
National Institute of  
Accountants

**Representatives of the Australian Accounting Profession**



[cpaaustralia.com.au](http://cpaaustralia.com.au)



The Institute of  
Chartered Accountants  
in Australia

[charteredaccountants.com.au](http://charteredaccountants.com.au)



[nia.org.au](http://nia.org.au)

## Specific Matters for Comment

### Questions posed for both Australian and New Zealand Constituents

- (a) **the Boards' approach of developing the proposals based on IPSAS 23;**  
The Joint Accounting Bodies support the approach of developing the proposals based on IPSAS 23. . We would however like "(Taxes and Transfers)" dropped from the title as it implies that the standard focuses on these transactions and may mislead the reader as to its content.
- (b) **whether there are any differences between Australia and New Zealand that would override the Boards' desire for converged Standards for non-exchange transactions;**  
The Joint Accounting Bodies are not aware of any differences between Australia and New Zealand that would override the Boards' desire for converged Standards for non-exchange transactions.
- (c) **whether further guidance or illustrative examples are required in distinguishing exchange and non-exchange transactions or components of transactions, e.g. for local government rates;**  
The Joint Accounting Bodies are not aware of a need for further guidance or illustrative examples.
- (d) **the definition and treatment of conditions on transferred assets;**  
The Joint Accounting Bodies support the definition and believe that the treatment of conditions on transferred assets are appropriate.
- (e) **the treatment of advance receipts;**  
The Joint Accounting Bodies support the treatment of advance receipts
- (f) **permitting, but not requiring, the recognition of contributions of services;**  
The Joint Accounting Bodies support permitting, but not requiring, the recognition of contributions of services. This is appropriate given the differing nature and size of not-for-profit entities to which this [proposed] standard will apply and the variety of different services which may be contributed to them.
- (g) **requiring disclosure of the nature and type of major classes of services in-kind received (paragraph 108) – IPSAS 23 encourages but does not require such disclosure;**  
The Joint Accounting Bodies question the requirement to require disclosure of the nature and type of major classes of services in-kind received, as this is in excess of what the IPSASB requires. In our view, this disclosure should only be encouraged, pending the outcome of the AASB's overall review of disclosures required by not-for-profit entities.
- (h) **the implications of recognising financial assets and financial liabilities that fall within the scope of this ED in accordance with the proposals rather than AASB 139 / NZ IAS 39;**  
The Joint Accounting Bodies consider that the financial asset and financial liability recognition requirements of this [proposed] Standard are appropriate rather than requiring their recognition in accordance with the requirements of AASB 139/NZ IAS 39.
- (i) **the measurement requirements, particularly in respect of financial assets and financial liabilities; and**  
The Joint Accounting Bodies support the measurement requirements contained in this [proposed] Standard.

- (j) **prospective application per the transitional provisions.**  
The Joint Accounting Bodies support the prospective application of this [proposed] Standard per the transitional provisions.

#### **Australian specific Questions**

- (k) **the exclusion of for-profit government departments from the scope of the ED – are requirements for such entities still required?;**  
The Joint Accounting Bodies support the exclusion of for-profit government departments from the scope of the [proposed] Standard as this type of entity is adequately dealt within existing Standards.
- (l) **the retention of requirements for restructures of administrative arrangements;**  
The Joint Accounting Bodies support the retention of requirements for restructures of administrative arrangements.
- (m) **whether recognition requirements are needed in respect of contributions from owners and distributions to owners generally;**  
The Joint Accounting Bodies do not support the inclusion of additional recognition requirements for contributions from owners and distributions to owners generally. However, we do support the recognition requirements already included in the [proposed] Standard.
- (n) **the role of AASB Interpretation 1038 once a Standard based on the ED is issued;**  
The Joint Accounting Bodies would support the retirement of AASB Interpretation 1038 *Contributions by Owners Made to Wholly-owned Public Sector Entities* once the [proposed] Standard is operative.
- (o) **the proposed amendments to other Australian Accounting Standards, as set out in Appendix A;**  
The Joint Accounting Bodies support the proposed amendments to other Standards as set out in Appendix A.
- (p) **whether, overall, the proposals would result in financial statements that would be useful to users; and**  
The Joint Accounting Bodies consider that the proposals will result in a more consistent and appropriate approach to accounting for non-exchange transactions.
- (q) **whether the proposals are in the best interests of the Australian economy.**  
The Joint Accounting Bodies consider that the proposals are in the best interests of the Australian economy, but the Board needs to be mindful of not increasing the regulatory burden on the not-for-profit sector unnecessarily, hence our comment in (g) above