



22 April 2010

The Chairman
 Australian Accounting Standards Board
 PO Box 204
 Collins Street West
 Victoria 8007

Dear Sir

Navigator Australia Limited submission:

- **AASB Exposure Draft ED 192 Revised Differential Reporting Framework**
- **AASB Consultation Paper Differential Financial Reporting - Reducing Disclosure Requirements**

Introduction

1) Navigator Australia Limited (NAL) is the Responsible Entity of forty six ASIC registered managed investment schemes. Of the forty six schemes, two are reporting entities and so annual general purpose financial statements (GPFS) are prepared whilst the other forty four schemes are non-reporting entities for which annual special purpose financial statements (SPFS) are prepared.

NAL's Position

2) The current AASB proposals with respect to the revised differential reporting framework which, if adopted, will probably result in the forty four non-reporting schemes being:

- deemed to have Public Accountability. Refer para 24 & 26 ED192; &
- required to prepare Tier 1 GPFS: Full International Financial Reporting Standards (IFRSs) as adopted in Australia. Refer para 18 ED192.

This will result in a significantly increased reporting burden for the non-reporting entities with what we believe to be, no corresponding commensurate value to users of these GPFS.

Even if the existing non-reporting entities could avail themselves of the reduced reporting regime under Tier 2 of the ED, they would still be faced with a significantly increased reporting burden.

3) Thus for the above reason we set out our objection to the ED 192 in its current form.

4) Whilst we believe there is merit in having a two tiered reporting framework for GPFS preparation it should not be at the expense of the existing reporting entity / non-reporting entity concept and the ability of non-reporting entities to prepare SPFS for purposes of reporting in accordance with the Corporations Act.

Refer para 33 & 34 ED 192.

Rational for NAL's Position

5) NAL's non-reporting entities are essentially internal investment vehicles of the Aviva group of plans and products. They are non-reporting entities for the following reasons:

- Purpose of entities: The entities are internal vehicles solely invested in by Aviva plans / products. There is no intention now nor in the foreseeable future to change this;
- Unit holder composition: Existing and foreseeable entities' unit holders are all internal Aviva entities;
- No employees: The entities have no employees; &
- No significant creditors of the entities: Only responsible entity fees payable to the responsible entity and on occasion, unsettled investment purchases constitute creditors.

They are registered with ASIC to meet various operational and legal requirements.

6) Thus for NAL's non-reporting entities, it is our belief that there are no external or other users that would require a GPFS (Tier 1 or Tier 2). So for purposes of reporting to the non-reporting entities' members and complying with ASIC & Corporations Act reporting purposes, NAL is of the opinion that the current regime of SPFS reporting where only a subset of IFRSs are applied, is sufficient.

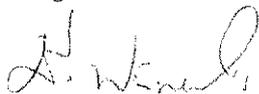
7) NAL believes its non-reporting entities are correctly classified and so should not have to suffer the increased reporting burden, due to other entities that *"...are asserted to be 'abusing' the reporting entity concept by claiming to be non-reporting entities and preparing SPFSs when they should be preparing GPFS"*. Refer para 4.3 CP.

It is suggested that consideration be given to strengthening the criteria for the recognition of an entity as being non-reporting.

8) For the above reasons, NAL is also of the opinion that there is no inherent contradiction in preparing SPFS and having to lodge them on a public register. Refer para 9.8 CP.

Please contact the undersigned if you require any further information or have any questions.

Regards



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