



3 March 2010

Mr K Stevenson  
 Chairman  
 Australian Accounting Standards Board  
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Dear Mr Stevenson

### **Differential Reporting Reducing Disclosure Requirements**

The Group of 100 (G100) is an organization of chief financial officers from Australia's largest business enterprises whose primary purpose is to advance Australia's financial competitiveness. The G100 is pleased to provide comments on the AASB Consultation Paper.

1. *Do you agree with the introduction of a second tier of reporting requirements for preparing general purpose financial statements for:*
  - (a) *non-publicly accountable for-profit private sector entities*
  - (b) *not-for-profit private sector entities, unless a relevant regulator requires otherwise*
  - (c) *public sector entities other than those required by the AASB to apply the first tier (see para 10.4), being full IFRSs as adopted in Australia, unless a relevant public sector entity regulator requires otherwise?*

*If not, and you do support differential reporting, what other classifications of entities do you think would be more appropriate for differential reporting and why?*

**Yes. From a G100 perspective the entities to which the second-tier would apply seems a reasonable basis for identifying entities for which a reduced disclosure regime is appropriate. The G100 feels strongly that private equity entities should be included in Tier 1. The concept of an 'equal playing field' should apply to ensure adequate disclosure by entities (whether listed or privately owned) is provided for all interested parties in addition to shareholders.**

2. *Do you agree that entities within the second tier should be able to apply the proposed reduced disclosure regime or would you prefer another approach (eg IFRS for SMEs)? What is the basis for your views?*

**Yes. The G100 agrees with the approach adopted in respect of the second tier. The G100 believes that the general purpose financial statements of all entities should be prepared on a consistent basis for recognition and measurement and that relief be provided from the detail and complexity of disclosures.**

We consider that it is important to the credibility of representations made in general purpose financial reports that measures of profit or loss, assets and liabilities are made on the same basis. For example, it is unacceptable for different measures of profit or loss to be reported depending on whether the entity falls in the first tier or the second tier.

From the perspective of users of general purpose financial statements comparability would be seriously impaired if a wide range of secondary measures such as ratios of return on sales, total assets and equity, EBITDA, gearing and working capital differed between the tiers.

Accordingly, the G100 believes that the adoption of 'IFRS for SMEs' is inappropriate for use in Australia because it requires different recognition and measurement requirements for some types of transactions and events. However, we agree that the disclosure requirements of 'IFRS for SMEs' should form the basis of a reduced disclosure regime in Australia.

3. *Would you require any other classes of public sector entities, such as Government Departments, Government Business Enterprises (GBEs) or Statutory Authorities, to be always categorised as "tier 1" reporting entities? If so, on what basis?*

**Yes. The G100 suggests that government business enterprises should be categorized in Tier 1 entities. It is our understanding that government business enterprises are effectively for-profit entities to which IFRS would apply. We are unaware of any compelling reasons why they should not be subject to Tier 1 requirements. The International Public Sector Accounting Standards Board implies that IFRSs apply to government business enterprises through its statement that IPSASs are high quality financial reporting standards for application by public sector entities other than government business enterprises.**

4. *Are there any regulatory issues or other issues arising in the Australian environment that may affect the implementation of the proposals in this Consultation Paper?*

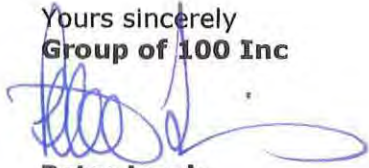
**We are not aware of any impediments to adopting the proposals.**

5. *Overall, do you agree that the proposals would decrease the costs of preparing financial statements whilst not materially reducing the usefulness of those statements to users?*

**Yes. However, users would need to incur additional costs to achieve comparability if the AASB were to require different recognition and measurement requirements to be applied by entities in the different tiers.**

6. *Are the proposals in the best interests of the Australian economy?*  
**Yes.**

Yours sincerely  
**Group of 100 Inc**



**Peter Lewis**  
President