Grant Thornton

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Dear Kevin

TIER 2 SUPPLEMENT TO AASB EXPOSURE DRAFT ED 198 REVENUE FROM CONTRACTS WITH CUSTOMERS

Grant Thornton Australia Limited (Grant Thornton) is pleased to provide the Australian Accounting Standards Board with its comments on the Tier 2 ED 198 (the ED). We have considered the ED, and set out our comments in the Appendix.

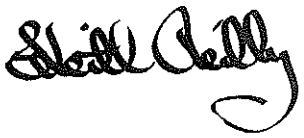
Grant Thornton's response reflects our position as auditors and business advisers both to listed companies and privately held companies, and public and private businesses, and this submission has benefited with some initial input from our clients, Grant Thornton International, and discussions with key constituents.

We note that the IASB has not indicated whether it will amend the proposed requirements in its ED 2010/6 for non-publicly accountable entities, and on that basis we believe the AASB should not consider any decisions on RDR disclosures until the IASB has considered this further, given that the RDR is 'loosely' based on the IFRS for SMEs disclosures.

Grant Thornton does not believe that at this time amendments to the proposed Revenue standard should apply to non-publicly accountable entities. Instead Grant Thornton believes that the AASB should allow the IFRS for SMEs accounting standard as an option for non-publicly accountable entities. Adoption of IFRS recognition and measurement principles which the AASB believes necessitates an increase in disclosures compared to IFRS for SMEs, does add significant complexity and costs that would not be borne by similar structured overseas entities.

If you require any further information or comment, please contact me.

Yours sincerely
GRANT THORNTON AUSTRALIA LIMITED



Keith Reilly
National Head of Professional Standards

Appendix 1: Preliminary comments

ED questions

1 **Whether you agree with the AASB disclosure proposals under Tier 2 as set out in the attached analysis.**

We do not agree with the AASB disclosure proposals as we believe the AASB should not consider any decisions on RDR disclosures until the IASB has considered this further, given that the RDR is 'loosely' based on IFRS for SMEs disclosures. In particular Grant Thornton does not believe that at this time amendments to the proposed Revenue standard should apply to non-publicly accountable entities. Instead Grant Thornton believes that the AASB should allow the IFRS for SMEs accounting standard as an option for non-publicly accountable entities. Adoption of IFRS recognition and measurement principles which the AASB believes necessitates an increase in disclosures compared to IFRS for SMEs, does add significant complexity and costs that would not be borne by similar structured overseas entities.

2 **Whether there are any regulatory issues or other issues arising in the Australian environment that may affect the implementation of the proposals, particularly any issues relating to:**

   a **not-for-profit entities; and**

   b **public sector entities.**

Apart from our earlier comments, we are not aware of any regulatory issues that may effect the implementation of the proposals for publicly accountable entities. We believe that there are regulatory and other issues arising in the Australian environment for non-publicly accountable entities as the proposed requirements would add significant complexity and costs that would not be borne by similar structured overseas entities.

3 **Whether, overall, the proposals would result in financial statements that would be useful to users.**

Apart from our earlier comments, we are not aware of any issues that may impact users, for publicly accountable entities. We also reiterate that for non-publicly accountable entities the proposed requirements would add significant complexity and costs that would not be borne by similar structured overseas entities, and hence would not result in financial statements that would be useful to users.

4 Whether the proposals are in the best interests of the Australian economy.

Apart from our earlier comments, we are not aware of any issues that may impact users, nor are we aware of any reasons that would impact on the interests of the Australian economy for publicly accountable entities. We also reiterate that for non-publicly accountable entities the proposed requirements would add significant complexity and costs that would not be borne by similar structured overseas entities, and hence would not result in financial statements that would be in the best interests of the Australian economy.

5 Unless already provided in response to specific matters for comment 1 – 4 above, the costs and benefits of the proposals, whether quantitative (financial or non-financial) or qualitative.

As stated above, we believe that the costs of maintaining an RDR structure without allowing for IFRS for SMEs as an option to full IFRS or the RDR, imposes costs on most non-publicly accountable entities that exceed the benefits.