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9 June 2011

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

Exposure Draft 211 Proposed Amendments to AASB 1049

Dear Mr Stevenson

Further to our letter dated 6 April 2011 supporting proposals (d) and (e) contained in Exposure Draft (ED) 211 *Proposed Amendments to AASB 1049*, Ernst & Young Australia is pleased to provide our comments on the remaining proposals contained within the ED.

Our responses to the specific questions in the Invitation to Comment are set out in the Appendix to this letter.

Overall, we agree with the proposed amendments. However, we recommend certain editorial amendments be given further consideration.

We would be pleased to discuss our comments further with you. Please contact either Lynda Tomkins (lynda.tomkins@au.ey.com or (02) 9276 9605) or Georgina Dellaportas (georgina.dellaportas@au.ey.com or (03) 9288 8621) if you wish to discuss any or the matters raised in this response.

Yours sincerely

A handwritten signature in blue ink that reads 'Ernst & Young' in a cursive script.

Ernst & Young

Appendix

1. The AASB has requested comments on each of the proposals outlined in the table below:

AASB Proposal	Ernst & Young Comment	Recommendation
(a) unambiguously require both GGS and whole of government financial statements to be prepared	We agree with the AASB proposal.	N/A
(b) require, at all times, GGS and whole of government financial statements to be available at the same time and with a cross reference to each other	We agree with the AASB proposal.	N/A
(c) clarify the principle of 'a GAAP option is limited to align with GFS'	We agree with the AASB proposal.	N/A
(f) clarify the requirements for the presentation of key fiscal aggregates and any other fiscal aggregates that are disclosed	We agree with the AASB proposal.	N/A
(g) clarify the requirements for recasting budgeted financial statements for disclosure purposes	We agree with the AASB proposal.	N/A

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

Ernst & Young Australia believes that the proposals would result in financial statements that would be useful to users.

**3. Whether the proposals are in the best interests of the Australian economy; and
4. unless already provided in response to specific matters for comment 1 - 3 above, the costs and benefits of the proposals relative to the current requirements, whether quantitative (financial or nonfinancial) or qualitative.**

Ernst & Young Australia believe that the proposals are in the best interests of the Australian economy, and we see no significant cost benefit impact associated with the proposals.

We note that the majority of jurisdictions already present GGS and whole of government financial statement together, hence we do not anticipate a significant increase in costs of preparation of the financial statements.

5. Other editorial recommendations noted by Ernst & Young

AASB 1049 paragraph edit	Ernst & Young Comment
<p>7. A government shall prepare both the whole of government financial statements and the GGS financial statements, <u>whether presented together or separately, and that are in accordance with the requirements of this Standard.</u></p>	<p>We recommend the additional wording should read: <u>"...whether presented together or separately,..."</u></p> <p>The additional words "and that are" should be deleted as they add no value to the edit.</p>
<p>18. ... <u>If a government elects to disclose aggregates that are not key fiscal aggregates, they are made in a way that clearly differentiates them from key fiscal aggregates....</u></p>	<p>We agree with the proposed addition. However, the addition of this sentence adds confusion to the paragraph when read as a whole. The examples provided for additional disclosures are actually key fiscal aggregates, as defined in Appendix A to the standard.</p>
<p>64 <u>As the presentation and classification bases adopted in the budget basis to be disclosed is are consistent with the presentation and classification bases in the financial statements...</u></p>	<p>We believe that the text could be further edited to remove redundant wording. We recommend the following wording:</p> <p><u>As the presentation and classification bases adopted in the budget basis to be disclosed is are consistent with the presentation and classification bases in the financial statements....</u></p>