



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

5 October 2011

Dear Kevin

**Subject: ED 212 *Not-for-Profit Entities within the General Government Sector***

We are responding to your request for comment on Australian Accounting Standards Board (AASB) Exposure Draft 212 *Not-for-Profit Entities within the General Government Sector* (ED 212).

While we are aware of the FRC directive to harmonise GAAP/GFS reporting, we are concerned that the cost involved in requiring entities within the GGS to change their accounting policies by adopting GFS compliant measurement principles may not necessarily be justified for all entities within this sector.

For example, the efforts involved in determining fair values for all items of property, plant and equipment and intangible assets at the individual entity level (to the extent permitted under AASB 138 *Intangible Assets*) could far outweigh the benefits of this information for the primary users of the financial reports of smaller agencies. For these entities it may be less burdensome to restate the financial information for the purpose of preparing the consolidation at the GGS level, as they may be able to apply higher materiality levels and hence a lower level of precision.

In our view, the accounting standards should not remove the option for entities to select accounting policies and presentation formats that are most relevant to the users of their financial reports. If considered necessary, the relevant regulatory bodies in each of the jurisdictions could still mandate a certain format for the financial report and the use of GFS compliant measurements, but it should not be the role of the AASB to do so.

Having said that, we would not object to the proposals in ED 212 if there is broad support for these amendments by a representative cross-section of constituents.

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I would welcome the opportunity to discuss our firm's views at your convenience. Please contact me on (03) 8603 3868 if you would like to discuss our comments further.

Yours sincerely,

A handwritten signature in cursive script that reads "Jan McCahey".

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