



Hayes Knight

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25 January 2012

Mr Kevin Stevenson
Chairman
Australian Accounting Standards Board
PO Box 204
Collins Street West
MELBOURNE VIC 8007
By email: standards@asb.gov.au

Dear Kevin,

**RE: EXPOSURE DRAFT – ED214
EXTENDING RELATED PARTY DISCLOSURES TO THE NOT-FOR-PROFIT ENTITIES**

Hayes Knight is pleased to provide comments in relation to the above Exposure Draft.

We support the proposal for deletion of paragraph AU51.3 and hence the application of paragraphs 1 to 28 to general purpose financial statements of not-for-profit public sector entities.

We further support the amendments made to simplify the definition of business and provide a partial exemption from the disclosure requirements for entities that are related by virtue of being controlled, jointly consolidated or significantly influenced by the same government.

We have provided responses to specific matters attached in appendix 1.

Please do let me know if you require any further information

Yours faithfully,

A handwritten signature in blue ink, appearing to read 'Pran Rathod'.

Pran Rathod FCPA
Director – Audit Services

1. Is extending the AASB 124 (December 2009) to the NFP public sector appropriate?
We support the extension.
2. Are there any amendments that should be made to the proposed disclosure requirements (both Tier 1 and Tier 2) in respect of application by NFP public sector entities?
We do not consider the need for any further additional amendments.
3. Are there any regulatory issues or other issues arising in the Australian environment that may affect the implementation of the proposals?
We are not aware of any regulatory or other issues affecting the implementation of the proposal.
4. Overall, would the proposals result in financial statements that would be useful to users?
Yes, we believe the proposals would provide useful information in the financial statements.
5. Are the proposals in the best interests of the Australian economy?
We consider the proposals as being in the best interest of our economy.
6. Unless already provided in response to specific matters for comment 1-2 above, are the costs and benefits of the proposals relative to the current requirements, whether quantitative (financial or non-financial) or qualitative?
We believe that in the first year of application, the public sector entities may face the issue in determining which parties meet the definition of a related party.

However, we believe the cost and benefits are appropriate considering the requirements.