



## Department of Treasury and Finance

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Our Ref:

Mr Kevin Stevenson  
Chairman  
Australian Accounting Standards Board  
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Dear Mr Stevenson <sup>Kevin</sup>

### **ED 217 AASB 127 *Separate Financial Statements: Tier 2 proposals***

The Heads of Treasuries Accounting and Reporting Advisory Committee (HoTARAC) welcomes the opportunity to provide comments to the Australian Accounting Standards Board (AASB) on the Exposure Draft: *AASB 127 Separate Financial Statements: Tier 2 proposals*.

HoTARAC notes that the AASB is considering modifications to AASB 10 *Consolidated Financial Statements* and AASB 127 *Separate Financial Statements* for application to the not-for-profit (NFP) sector and early adoption is not permitted for the NFP sector.

While it is unlikely at this stage that HoTARAC jurisdictions will early adopt the Reduced Disclosure Requirements, HoTARAC undertook a high level review to determine whether the AASB Tier 2 proposals may create particular difficulties or concerns for HoTARAC jurisdictions in future.

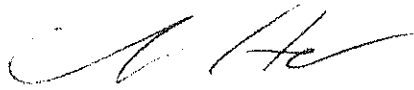
The majority of HoTARAC supports the ED's proposals on the basis the reduced disclosures are broadly consistent with those applied under the relevant paragraphs of the *current* AASB 127 *Consolidated and Separate Financial Statements* for Tier 2 entities and there is no strong justification for departing from the AASB's previous decision on this matter.

However, HoTARAC observes that the disclosure of 'the reasons why separate financial statements are prepared if not required by law' has been removed for Tier 2 entities (the ED's AASB 127 paragraph 17(a) compared to the *current* AASB 127 paragraph 43(a)). Whilst HoTARAC supports this removal, HoTARAC would prefer the AASB clearly articulate its reason for the change.

A HoTARAC minority disagrees with the ED proposals and is of the view that the ED removes important information that is useful for users. Whether the financial statements are prepared as a separate or as a consolidated statement is considered critical to understand the information provided. The list of subsidiaries, joint ventures and associates is also valuable information. The HoTARAC minority also considers that the disclosure burden is not significant and certainly is minimal compared to the benefits.

If you have any queries regarding HoTARAC's comments, please contact Veronique Row from the Australian Department of Finance and Deregulation on 02 6215 2104.

Yours sincerely



Grant Hehir  
**CHAIR**  
**HEADS OF TREASURIES ACCOUNTING AND REPORTING ADVISORY**  
**COMMITTEE**

19 November 2011