

17 November 2017

Ms Kris Peach
Chair
Australian Accounting Standards Board
PO Box 204
Collins St West Victoria 8007
AUSTRALIA

Dear Kris

ED 281 Accounting Policies and Accounting Estimates – Proposed amendments to AASB 108

The Australasian Council of Auditors-General (ACAG) welcomes the opportunity to comment on the Exposure Draft. The views expressed in this submission represent those of all Australian members of ACAG.

ACAG supports the AASB's efforts to help entities clearly distinguish accounting policies from accounting estimates and support the proposed amendments in the exposure draft.

The attachment to this letter addresses the AASB's specific matters for comment outlined in the Exposure Draft. Also attached is ACAG's response to the International Accounting Standards Board (IASB) Exposure Draft ED/2017/5 *Accounting Policies and Accounting Estimates – Proposed amendments to IAS 8*.

ACAG appreciates the opportunity to respond and trust that you find our comments useful.

Yours sincerely



Andrew Greaves
Chairman
ACAG Financial Reporting and Accounting Committee

AASB specific matters for comment

- 1. Whether there are any regulatory 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, including GAAP/GFS implications.**

ACAG is not aware of any regulatory or other issues arising in the Australian environment that may affect the implementation of the proposals, particularly relating to not-for-profit entities and public sector entities (including GAAP/GFS implications).

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

ACAG believes the proposed amendments will help preparers and auditors of financial statements more clearly distinguish between accounting estimates and accounting policies and understand how accounting estimates are used in applying accounting policies.

ACAG believes this will result in a more consistent treatment by preparers of financial statements, thus producing more comparable and useful information for users.

- 3. Whether, the proposals are in the best interests of the Australian economy?**

ACAG believes the proposals are in the best interests of the Australian economy.

- 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. In relation to quantitative financial costs, the AASB is particularly seeking to know the nature(s) and estimated amount(s) of any expected incremental costs, or cost savings, of the proposals relative to the existing requirements.**

ACAG does not expect any incremental quantitative costs to result from the proposals relative to existing requirements, as the proposals primarily clarify existing requirements and do not create additional requirements.

ACAG anticipates the proposals may result in marginal cost savings by reducing the time taken by preparers and auditors of financial statements to determine whether an adjustment is a change in accounting estimate or accounting policy.

Question 2 outlines ACAG's views on the possible qualitative benefits of the proposals.

Other comments

ACAG has no further comments on the proposals.