

19 August 2019

Ms Kris Peach  
Chair and CEO  
Australian Accounting Standards Board

Via email: [standard@asb.gov.au](mailto:standard@asb.gov.au)

Dear Ms Peach

## ED293

### Amendments to Australian Accounting Standards – Disclosure in Special Purpose Financial Statements of Compliance with Recognition and Measurement Requirements

Our comments and recommendations regarding ED293 are provided in this submission.

Saward Dawson operates in Melbourne, Australia. Our clients come from a range of industries and include large private businesses, small to medium enterprises, and a significant number of private sector not-for-profit entities. We are focused on enhancing the relevance, reliability and understandability of financial reporting for users.

In summary we hold the following views:

1. *Do you agree that an amendment to AAS to require entities to disclose information about their SPFS, including whether or not the entity has complied with all the R&M requirements in AAS, is needed to provide more transparency to users of publicly lodged SPFS and improve the comparability of SPFS? If not, please provide reasons.*

We believe the proposals will increase the transparency and assist users in understanding the accounting policies adopted by entities preparing special purpose financial reports

2. *Do you agree that the proposed amendments should apply only to those entities lodging SPFS with:*
  - (a) ASIC under Part 2M.3 of the Corporations Act 2001; or
  - (b) the ACNC? If not, please provide reasons.

We believe that any entity required to prepare financial reports that comply with AASB1054 should be required to comply with the standard.

3. *Do you agree with the proposed amendments to AASB 1054 requiring disclosure of:*
  - (a) the basis for the preparation of the SPFS (reflected in the proposed amendment to paragraph 9 of AASB 1054);
  - (b) information about the consolidation or non-consolidation of subsidiaries and accounting for associates and joint ventures (reflected in the proposed new paragraphs 9A(a) and (b));
  - (c) an explicit statement as to whether or not the accounting policies applied in the financial statements comply with all the R&M requirements in AAS (including the requirement to disclose an indication of where they do not comply) (reflected in the proposed new paragraph 9A(c)) If you disagree with any aspect, please provide reasons.

We broadly agree with the amendments however we believe that part(c) could be improved by explicitly stating that '... comply with all the material R&M requirements...'

4. *The proposed Amending Standard includes implementation guidance and illustrative examples illustrating the application of the proposed disclosure requirements. Do you agree it provides appropriate illustration of the application of the disclosure requirements? If not, please provide reasons.*

Yes

5. *If the Amending Standard is issued before December 2019, do you agree with the proposed effective date of annual periods ending on or after 30 June 2020 (with early adoption permitted)? If not, please explain why.*

Yes

6. *Do you agree that an entity that has no subsidiaries, investments in associates or investments in joint ventures should not be required to make an explicit statement to this effect? If not, please provide reasons.*

Yes

7. *Do you agree that a not-for-profit entity that has not determined whether or not its interests in other entities give rise to subsidiaries, associates or joint ventures should be permitted to disclose only that fact, and should not also be required to disclose the reasons why? If not, please provide reasons (refer to paragraph BC32 in the Basis for Conclusions for the AASB's consideration of this matter).*

We strongly agree with this proposal. Refer below for comment 8

8. *Do you have any other comments on the proposals*

We strongly support the disclosure option in question 7. In addition we believe that the application of AASB10 in certain not-for-profit circumstances does not provide the best information for users. This is particularly the case where the entities have different charitable purposes and therefore no ability exists for financial returns to occur.

The introduction of AASB10 Appendix E occurred before the establishment of the ACNC and the review of Special Purpose Reporting was not in process. We believe a review of Appendix E should including stakeholder consultation should occur as part of any proposals to remove special purpose financial reporting for not-for-profit entities.

9. *Whether The AASB's For-Profit Entity Standard-Setting Framework and The AASB's Not-for-Profit Entity Standard-Setting Framework has been applied appropriately in developing the proposals in this Exposure Draft?*

No Comment

10. *Whether there are any regulatory issues or other issues arising in the Australian environment that may affect the implementation of the proposals?*

No Comment

11. *Whether, overall, the proposals would result in SPFS that would be more useful to users?*

We agree.

12. *Whether the proposals are in the best interests of the Australian economy?*

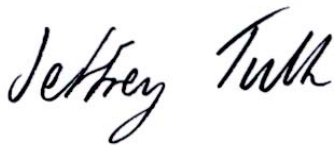
No comment

13. *Unless already provided in response to specific matters for comment above, the costs and benefits of the proposals relative to the current requirements, whether quantitative (financial or non-financial) 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.*

Although this will result in additional costs we do not believe they will be significant.

Please do not hesitate to contact us should you wish to discuss further any matters arising from this submission.

Yours Sincerely

A handwritten signature in black ink that reads "Jeffrey Tulk". The signature is written in a cursive, flowing style.

Jeff Tulk  
Partner