




Tasmania

DEPARTMENT of
TREASURY and FINANCE

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Dear Professor Boymal

**INVITATION TO COMMENT: EXPOSURE DRAFT 151 AUSTRALIAN ADDITIONS
TO, AND DELETIONS FROM, IFRSs**

The Heads of Treasuries Accounting and Reporting Advisory Committee (HoTARAC) welcomes the opportunity to make a submission on the Exposure Draft, ED 151 *Australian Additions to, and Deletions from, IFRSs*.

General comments

ED 151 proposes, in principle, that:

- all options that currently exist under the International Financial Reporting Standards (IFRSs) should be included in the Australian equivalents to IFRSs (AEIFRSs); and
- additional disclosures required under AEIFRSs should be eliminated, other than those considered particularly relevant in the Australian reporting environment.

HoTARAC supports this general approach on the basis that international consistency in Accounting Standards is a desirable objective.

HoTARAC also notes that under ED 151, the AASB proposes not to remove from the AEIFRSs any differences from IFRSs that are dealt with in specific not-for-profit entity paragraphs. HoTARAC strongly supports this proposal.

However, HoTARAC disagrees with several of the proposed changes. It is HoTARAC's view that if the AASB adopts these changes, it should consider introducing appropriate "Aus paragraphs" with application to the public sector only.

Comments on specific proposals in ED 151

HoTARAC agrees with the proposed amendments to Standards contained in ED 151, except in relation to the following:

- **AASB 107 *Cash Flow Statements***

ED 151 proposes to remove the requirement in AASB 107 Aus20.1-2 for a reconciliation of cash flows arising from operating activities to profit or loss.

HoTARAC considers that this requirement should be retained as the reconciliation is a useful tool for analysts and users of financial statements. It provides a key checking mechanism over the cash flow statement.

- **AASB 119 *Employee Benefits***

ED 151 proposes to delete existing AASB 119 Aus78.1.

HoTARAC considers that the AASB should retain Aus78.1 as it clarifies that in the Australian environment there is no deep market in high quality corporate bonds. This issue applies equally well to public sector and private sector entities. If the AASB deletes the paragraph entirely (and does not simply restrict its application to not-for-profit entities), HoTARAC recommends the provision of additional guidance in some form, to re-iterate the Board's view that there is no deep market in high quality corporate bonds in Australia.

ED 151 also proposes to delete the existing disclosure requirements in AASB 119 Aus121.1-2. This Aus paragraph includes a requirement to measure and disclose a surplus or deficit of a defined benefit plan in accordance with AAS 25 *Financial Reporting by Superannuation Plans*.

If the AASB is still of the view that AAS 25 is an appropriate basis for the measurement of defined benefit plans, then HoTARAC believes that Aus121.1(a) should remain. HoTARAC would be pleased to provide additional information on this matter as required.

- **AASB 116 *Property, Plant and Equipment* and AASB 120 *Accounting for Government Grants and Disclosure of Government Assistance***

ED 151 proposes to:

- include IAS 16.28 in AASB 116, which provides an option (in accordance with IAS 20) for the carrying amount of an item of property, plant and equipment to be reduced by government grants;
- include IAS 20.25-27 in AASB 120, which provides an option for offsetting grants against the carrying amounts of assets related to those grants; and
- include IAS 20.30 in AASB 120, which provides an option of offsetting grants against related expenses.

HoTARAC does not agree with the insertion of additional options regarding the treatment of grants for for-profit public sector entities. Given that inconsistencies already exist in the treatment of grants between standards, the introduction of additional options in the treatment of grants between public sector for-profit and not-for-profit entities will potentially further increase inconsistencies at the whole-of-government level.

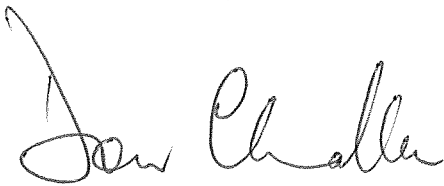
- **AASB 127 Consolidated and Separate Financial Statements**

ED 151 proposes to delete the requirement in AASB 127 Aus42.1 for an entity that does not prepare parent entity reports (eg a government and its controlled entities) to disclose details of major subsidiaries.

It is HoTARAC's view that this requirement is primarily aimed at government entities. Accordingly, HoTARAC believes that this requirement should be retained as a not-for-profit Aus paragraph.

If you have any queries regarding this submission, please contact Mr Peter Gibson, at the Commonwealth Department of Finance and Administration, on 02 6215 3551.

Yours sincerely



D W Challen
CHAIR
HEADS OF TREASURIES ACCOUNTING AND
REPORTING ADVISORY COMMITTEE

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