

1 February 2013

Mr Kevin Stevenson  
Chairman  
Australian Accounting Standards Board  
PO Box 204  
Collins Street West VIC 8007

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

Dear Kevin

**Draft for Fatal Flaw Review: AASB 105X Budgetary Reporting**

Thank you for the opportunity to comment on the above. CPA Australia and the Institute of Chartered Accountants in Australia (the Institute) have considered the draft AASB 105X provided for fatal flaw review and our comments follow.

CPA Australia and the Institute represent over 200,000 professional accountants in Australia. Our members work in diverse roles across public practice, commerce, industry, government and academia throughout Australia and internationally.

CPA Australia and the Institute consider that changes should be made to the draft standard before it is issued in final form. We are concerned that relocating the existing requirements of AASB 1049 *Whole of Government and General Government Sector Financial Reporting* and incorporating changes from the previous Exposure Draft has resulted in unintentional changes to the requirements. These are described below.

We note that the Basis for Conclusions to AASB 105X paragraph BC4 states that the Board decided that the principles underpinning the budgetary reporting requirements in AASB 1049 should apply to not-for-profit entities within the General Government Sector (GGS). Further, AASB 105X provides guidance on how the budgetary reporting principles previously located in AASB 1049 would apply in the context of an entity within the GGS. Based on this information it was our expectation AASB 105X would not change those principles that are relevant to budgetary reporting. In our opinion, the requirements of the draft standard do not align with that expectation as AASB 105X paragraph 12 modifies the existing principles for budget reporting currently located in AASB 1049 paragraph 59. More specifically, we consider application of AASB 105X paragraph 12, whereby the requirements of paragraphs 6 and 7 do not apply where an entity's budgeted financial information is presented to parliament in a form that is more aggregated than by major class as described in paragraph 7 is not consistent with the existing AASB 1049 or the Board's decision as stated in AASB 105X paragraph BC4. The inclusion of paragraph 12 effectively changes the requirements applicable to the GGS and whole of government.

Representatives of the Australian Accounting Profession



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Institute of  
Chartered Accountants  
Australia

[charteredaccountants.com.au](http://charteredaccountants.com.au)

If you have any questions regarding this submission, please do not hesitate to contact either Mark Shying (CPA Australia) at [mark.shying@cpaaustralia.com.au](mailto:mark.shying@cpaaustralia.com.au) or Kerry Hicks (the Institute) at [kerry.hicks@charteredaccountants.com.au](mailto:kerry.hicks@charteredaccountants.com.au).

Yours sincerely

Handwritten signature of Alex Malley in black ink.

**Alex Malley**  
**Chief Executive Officer**  
**CPA Australia Ltd**

Handwritten signature of Lee White in black ink.

**Lee White**  
**Chief Executive Officer**  
**Institute of Chartered Accountants**  
**Australia**