


AASB 4-5 May 2005 - Agenda paper 13.2 - ITC Contributions sub 4

22 April 2005

Professor David Boymal FPNA 
Chairman
Australian Accounting Standards Board
Level 4
530 Collins Street
Melbourne VIC 3000

Dear David

Re: The definition of "contributions by owners"

The National Institute of Accountants (NIA) supports the decision of the Australian Accounting Standards Board (AASB) to ensure for-profit entities are no longer bound by a definition of 'contributions by owners' that forces them into non-compliance with international financial reporting standards (IFRS).

The AASB should go even further, however, and ensure the principles are applied consistently across the for-profit and not-for profit sector. There is little sense in having the principle sitting in the standard just because such entities are uninterested in compliance with IFRS.

We would encourage the Board to give serious consideration to removing the Australian paragraph in its entirety.

There is scope for the AASB to consider removing the requirement for fair valuing transactions between entities under common control given that the political environment has changed since the February 2000 disallowance.

The general acceptance that parity and consistency with the standards issued by the International Accounting Standards Board (IASB) is important will make it easier for the AASB to facilitate such a change.

Feel free to contact me on 03 8665 3143 should you wish to discuss the view presented above further.

Kindest Regards

Tom Ravlic PNA
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National Institute of Accountants