

9 February 2012

The Chairman
 Australian Accounting Standards Board
 PO Box 204
 Collins Street West
 Victoria 8007
 Email: standard@aasb.gov.au

Dear Kevin

Tier 2 Supplement to AASB ED 222 Revenue from Contracts with Customers

CPA Australia, the Institute of Chartered Accountants in Australia and the Institute of Public Accountants (the Joint Accounting Bodies) are pleased to respond to the AASB's Tier 2 Supplement to AASB ED 222 Revenue from Contracts with Customers.

The Joint Accounting Bodies represent over 190,000 professional accountants. Our members work in diverse roles across public practice, commerce, industry, government and academia throughout Australia and internationally.

The Joint Accounting Bodies support the proposed amendments in the standard as they remove a series of disclosures that are burdensome for entities that do not have public accountability.

Our response to matters on which specific comment is requested is included in the attached Appendix.

If you require further information on any of our views, please contact Mark Shying, CPA Australia by email mark.shying@cpaaustralia.com, Kerry Hicks, the Institute of Chartered Accountants by email kerry.hicks@charteredaccountants.com.au or Tom Ravlic, the Institute of Public Accountants by email tom.ravlic@publicaccountants.org.au.

Yours sincerely



Alex Malley
 Chief Executive Officer
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Representatives of the Australian Accounting Profession



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The Institute of
 Chartered Accountants
 in Australia

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Appendix 1: Comments in response to AASB questions

General Remarks

We encourage the AASB to provide all the reduced disclosure items (along with associated rationale) contained in all the various standards to the IASB, to assist them when they embark on their review of IFRS for SMEs. We consider that this proactive measure may reduce any future 'double handling' that the AASB may need to undertake once IFRS for SMEs is updated for the new standards in the near future.

Whether you agree with the AASB disclosure proposals regarding paragraphs 62 and 104-129 of ED 222 in relation to Tier 2 entities as set out in the Proposed Reduced Disclosure Requirements section below

The Joint Accounting Bodies agree with the AASB's general approach to the carve out of these disclosures in the exposure draft.

Whether there are any regulatory issues or other issues arising in the Australian environment that may affect the implementation of these proposals, particularly any issues relating to:

- **Not-for-profits entities; and**
- **Public sector entities.**

As noted in our letter to the AASB on the ED itself, many not-for-profit and public sector entities may not be subject to the requirements outlined in this exposure draft as their revenue is not earned from contracts as defined in the ED, which requires the party who receives the payment (ie revenue) to transfer goods or services to the party who made the payment (ie the customer). The AASB will therefore be required to undertake an Australian specific project in order to address this.

Whether, overall, these proposals would result in financial statements that would be useful to users.

The Joint Accounting Bodies consider the proposals as providing useful information to those users of financial statements prepared by entities that are not publicly accountable.

Whether these proposals are in the best interests of the Australian economy.

Nothing has come to the attention of the Joint Accounting Bodies to suggest these proposals are detrimental to the Australian economy.

Costs and benefits of the proposals in the exposure draft.

The Joint Accounting Bodies note that the proposals are designed to lower the compliance cost for entities that are deemed to not be publicly accountable. It is expected that those entities currently preparing general purpose financial statements and able to take advantage of reduced disclosure requirements would face lower preparation costs compared with those requested to comply with the full requirements of all accounting standards.