



The Institute of Public Accountants

**Submission ED 249**



**IPA** INSTITUTE OF PUBLIC  
ACCOUNTANTS

*Partnership beyond numbers*

The Chairman  
Australian Accounting Standards Board  
PO Box 204  
Collins Street West  
Victoria 8007

Dear Sir

## Re: Tier 2 Supplement to ED 249 Disclosure Initiative (Proposed Amendments to IAS 1)

### Introduction

The Institute of Public Accountants (IPA) welcomes the opportunity to comment on Exposure Draft Tier 2 Supplement to ED 249 “Disclosure Initiative (proposed amendments to AASB 101)”. The IPA generally supports ED 229. The IPA believes it is timely to consider a post implementation review of the Reduced Disclosure Regime (RDR).

The IPA is a professional organisation for accountants recognised for their practical, hands-on skills and a broad understanding of the total business environment. Representing more than 25,000 members nationally, the IPA represents members and students working in industry, commerce, government, academia and private practice. Through representation on special interest groups, the IPA ensures views of its members are voiced with government and key industry sectors and makes representations to Government including the Australian Tax Office (ATO), Australian Securities and Investments Commission (ASIC) and the Australian Prudential Regulation Authority (APRA) on issues affecting the profession, industry and the public interest.

### Comments

The IPA has separately responded to the IASB on Exposure Draft ED 2014/1 “Disclosure Initiative (proposed amendments to IAS 1)” and a copy has been provided to the AASB.

The IPA supports the exclusion, for Tier 2 entities, of the proposed paragraph 85B of IAS 1. We have questioned in our submissions the utility of the reconciliations required under 85B to users of financial statements.

In the context of the issue of ED 2014/1 and ED 249, the IPA believes it is timely to consider a post implementation review of the Reduced Disclosure Regime (RDR), particularly in the light of:

1. What we perceive to be a low take up on RDR by eligible entities and, therefore, whether it is the most appropriate reporting framework. We had previously expressed the view that further evidence was needed as to the practicalities and preferences of stakeholders before a more considered position could be formed;
2. The proposition that many RDR disclosure amendments can be dealt with by preparers and auditors by the application of materiality;
3. The IASB Disclosure Initiative project; and
4. The recent AASB research report on the application of the reporting entity concept.

Furthermore, if RDR is to be retained the IPA considers “IFRS for SMEs” disclosure should be the “benchmark” for the application of RDR.

We note the potential, under the AASB Research Centre Research Report No.1 “*Application of the Reporting Entity Concept and Lodgement of Special Purpose Financial Statements*” for the broader use of ‘public accountability’ as a threshold for financial reporting. We believe that there is much merit in entities preparing special purpose financial statements to avail themselves of “IFRS for SMEs”.

Accordingly, the AASB should support this framework of reporting as does the IASB. The IPA believes that the AASB is the appropriate body to release “IFRS for SMEs” in the Australian context.

If you would like to discuss our comments, please contact the IPA at [ipasubmissions@publicaccountants.org.au](mailto:ipasubmissions@publicaccountants.org.au).

Yours faithfully



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