

Parliamentary Joint Committee on Corporations and Financial Services

Inquiry into Regulation of Auditing

Potential Points for Submission by the AASB

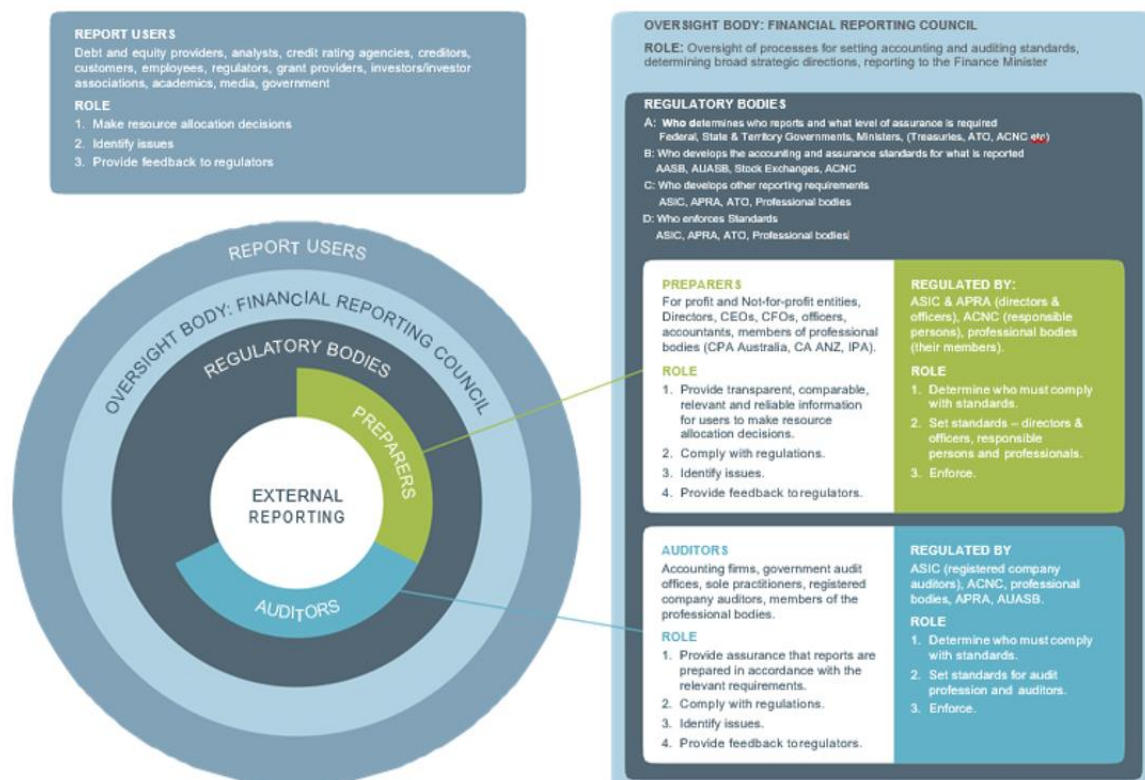
Item 4 – Audit quality, including valuations of intangible assets

Valuation of intangible assets – an area requiring significant judgement, as with other Standards. Note the work the Board has done in terms of the research report on impairment testing and recommendations to the IASB to help improve the accounting, which may improve audit quality through clarifying or even simplifying the requirements for preparers and auditors to better understand and apply.

Audit fee disclosures under AASB 1054 *Australian Additional Disclosures* – note the disclosures re audit fees in current accounting standards and suggest that the Board could work with the AUASB on expanding the disclosures, if appropriate. [Discussion at the FRC meeting mentioned voluntary unbundling of non-audit service fee disclosures.]

Item 10 – The adequacy and performance of regulatory, standards, disciplinary and other bodies

Provide the financial reporting framework diagram from the AASB and AUASB Corporate Plan to show the various parties involved and their roles:



Global-based accounting standards – important to ensure comparability of financial reporting, assisting the assurance of financial statements for both global entities and entities around the world.

Principle-based standards – important to have principle-based standards to permit the application of professional judgement as all circumstances cannot be covered explicitly; we have not heard concerns from users of financial statements, no research findings to suggest otherwise.

Accounting standards developed by the AASB for all sectors of the Australian economy: for-profit private sector, not-for-profit private sector and the public sector. Transaction neutral approach based on IFRS Standards, modified as appropriate for the not-for-profit sectors to address differences between the sectors. [Uncertain whether the inquiry is limited to listed companies, but opportunity to state the wide focus of the AASB's work.]

Aiming to ensure that the application of accounting standards is auditable – discussions with AUASB staff and the Board (and other feedback) as appropriate when accounting standards are being developed.

Establishment of the AASB's User Advisory Committee to ensure suitable input from the users of financial statements and the outcome of useful financial statements for the users, to assist in maintaining confidence in the Australian economy.