

29 November 2019

Ms Kris Peach
Chair
Australian Accounting Standards Board
PO Box 204
Collins Street West
Victoria 8007

(By on-line submission via aasb.gov.au)

Dear Ms Peach

Comment letter on Exposure Draft 297 *Removal of Special Purpose Financial Statements for Certain For-Profit Private Sector Entities*

HLB Mann Judd, a leading mid-tier network of ten independent audit, tax and advisory member firms in Australia, appreciates the opportunity to comment on Exposure Draft 297 *Removal of Special Purpose Financial Statements for Certain For-Profit Private Sector Entities* (ED 297) as issued by the Australian Accounting Standards Board (the Board) in August 2019. We have consulted with, and this letter represents the views of, the HLB Mann Judd network in Australia.

Overall, we are supportive of the proposals contained in ED 297 that aim to create a simpler, more transparent, more consistent and enforceable financial reporting framework in Australia.

Our main concern relates to the proposed effective date, being annual reporting periods beginning on or after 1 July 2020.

On the assumption that the proposals proceed and become a final Standard in Q2 of 2020, affected entities would not be afforded sufficient time to implement the Standard. While this may pose less of a problem for stand-alone entities that have applied all the recognition and measurement requirements of Australian Accounting Standards (AAS), this would be challenging for entities that have not done so, and even more challenging for parent entities that have previously not applied consolidation accounting. The requirement to prepare consolidated AAS-compliant numbers as at 1 July 2020 may necessitate changes in accounting systems and processes prior to this date for subsidiaries to report numbers to parent entities. Non-coterminous year-ends, appointment of subsidiary auditors, inventory count attendance and GAAP differences (for overseas subsidiaries) are all potential challenges that such entities may need to deal with in a very short time frame. Furthermore, this would be all be happening around 30 June 2020, a busy time for many companies as their financial years come to an end.

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While we appreciate the Board has provided additional transitional relief to facilitate the earlier proposed application date, we are not convinced this completely compensates for the limited amount of time entities will have to implement the Standard. In the absence of ideas for further additional relief, we strongly suggest the effective date be deferred by at least 12 months, with earlier application permitted.

Should you have any questions concerning the contents of this letter, please do not hesitate to contact me on (03) 9606 3325 or by email at mwarren@hlbvic.com.au.

Yours sincerely,



Michelle Warren

Director of Financial Reporting - Australasia