

3 April 2019

Ms K Peach  
The Chairperson  
Australian Accounting Standards Board  
PO Box 204  
Collins Street West  
Victoria 8007  
Australia

Dear Kris

**Re: Fatal Flaw Revision – Proposed Standard AASB 2019-X Amendments to Australian Accounting – Reference to the Conceptual Framework**

Thank you for the opportunity to comment on the *Fatal Flaw Revision – Proposed Standard AASB 2019-X Amendments to Australian Accounting – Reference to the Conceptual Framework*.

As stated in the IPA submissions on Phase 1 and Phase of ITC 39 *Applying the IASB's Revised Conceptual Framework and Solving the Reporting Entity and Special Purpose Financial Statements Problems*, the IPA is of the opinion that there is no basis for having two conceptual frameworks in place post 1 January 2020 – the date when the IASB's revised Conceptual Framework becomes operative.

The IPA is concerned having in place two different conceptual frameworks operating simultaneously. The IPA maintains the view that it is unacceptable that the AASB proposes to have two conceptual frameworks in place after that date with an indeterminate date for the replacement to become operative.

The IPA believes that any revised differential reporting requirements should be operative from 1 January 2020. For most Australian entities, this would mean that the first operative date for applying any new differential reporting requirements would be 30 June 2021.

The IPA believes that if the differential reporting requirements were finalised in the 3<sup>rd</sup> quarter of 2019, this would provide sufficient time to implement the framework's requirements.

With appropriate transitional requirements, especially in relation to consolidation, equity accounting and joint ventures/operations, there should little impediment for preparers complying with the revised Conceptual Framework. This is particularly so as noted in the AASB's presentations that a large majority purportedly comply with the measurement and recognition requirements of accounting standards.

If you would like to discuss further, please contact me or our technical advisers Mr Stephen La Greca ([stephenlagreca@aol.com](mailto:stephenlagreca@aol.com)) or Mr Colin Parker ([colin@gaap.com.au](mailto:colin@gaap.com.au)) (a former member of the AASB), GAAP Consulting.

Yours sincerely

Vicki Stylianou  
Executive General Manager, Advocacy & Technical  
Institute of Public Accountants

Cc Ms Kris Peach, Chairperson, Australian Accounting Standards Board

## **About the IPA**

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 35,000 members in Australia and in over 65 countries, the IPA represents members and students working in industry, commerce, government, academia and private practice. Through representation on special interest groups, the IPA ensures the 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 our members, the profession and the public interest. The IPA recently merged with the Institute of Financial Accountants of the UK, making the new IPA Group the largest accounting body in the SMP/SME sector in the world.