



09 June 2017

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Dear Warren

Exposure Draft 2017-1: Amendments to RDR for Tier 2 For-profit Entities

CPA Australia welcomes the opportunity to respond to the above Consultation. CPA Australia represents the diverse interests of more than 160,000 members in 118 countries. Our vision is to make CPA Australia the global accountancy designation for strategic business leaders. We make this submission on behalf of our members and in the broader public interest.

CPA Australia commends the New Zealand Accounting Standards Board (NZASB) and the Australian Accounting Standards Board (AASB) for their efforts to develop the proposals in the Consultation. We highlight below some key issues for consideration and we also provide our responses to the specific questions.

If it has not already done so, we suggest the NZASB undertake pilot testing of the proposed RDR framework with entities that may be considering adopting it, and with entities that are already applying the existing RDR framework to assist the NZASB in assessing whether the project's objectives are likely to be fulfilled.

International Financial Reporting Standard for Small and Medium-sized Entities (IFRS for SMEs)

We note the reservations stated in the proposals about using the IFRS for SMEs Standard as the basis for RDR standard-setting going forward. Although the IFRS for SMEs has not been updated since the issue of some new accounting standards, it provides for simplified disclosure requirements, as well as simplified recognition and measurement requirements. We suggest the NZASB and the AASB reconsider their stance regarding using the IFRS for SMEs as a basis for reporting requirements for Tier 2 entities. It is notable that despite its limitations, the United Kingdom has successfully adopted and modified the IFRS for SMEs in developing Financial Reporting Standard 102 that is applicable to qualifying SMEs.

The use of the rebuttable presumption when considering Key Disclosure Areas (KDA)

We note that there are a number of instances throughout the RDR standards when there has been a decision to depart from the KDA on the basis that either costs exceed benefits or vice versa. However, we have been unable to identify any specific evidence that supports the decision to depart from the KDA within the ED or the accompanying Staff Analysis. As the NZASB has an evidence based approach to standard-setting we suggest the NZASB provides the evidence that formed the basis for the decision to depart from the KDA.

Disclosure Initiative – Principles of Disclosure Discussion Paper


The International Accounting Standards Board has recently issued a consultation proposing principles for disclosure within International Financial Reporting Standards (IFRS). Whilst we appreciate that the RDR project is "self-contained" we suggest the NZASB considers the IASB's proposed principles of disclosure in finalising its revised RDR framework.

Specific responses to questions raised

In response to question 1, we agree with the overarching principles on which the RDR decision-making process is based. However, we recommend the term “user needs” is further elaborated upon within the framework so it better informs both the NZASB and preparers. In response to questions 2 to 10 we are supportive of the proposals and do not have any other comments.

If you require further information on any of our views expressed in this submission, please contact Ram Subramanian, CPA Australia by email at ram.subramanian@cpaaustralia.com.au or 03 9606 9755.

Yours sincerely



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