



Australian Government
Australian Accounting
Standards Board

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Mr Peter Hallahan
Secretary
The Senate Standing Committee on Economics
PO Box 6100
Parliament House
Canberra ACT 2600

Dear Mr Hallahan

Inquiry into private equity investment

Thank you for your letter dated 10 April 2007.

The AASB would like the Committee to note that, whilst there are comprehensive requirements for the preparation, presentation and lodgement of financial reports by entities incorporated under the *Corporations Act 2001*, including disclosing entities, there are major gaps in the requirements for other types of entities. If a private equity investment were to be conducted through a trust, for example, and it did not involve the issue of securities to the public, that entity would not be compelled by law to prepare, present and lodge financial reports, regardless of its economic significance.

The AASB's role is to promulgate accounting standards for application by entities that are compelled to report or that report voluntarily. It is not the role of the AASB to determine which entities report.

There may be a case for the Committee considering whether changes might need to be made to the law to compel certain types of non-corporate and non-disclosing entities to prepare and present financial reports that would be made publicly available.

Yours sincerely

A handwritten signature in cursive script that reads 'David Boymal'.

David Boymal
Chairman