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Dear Tony

#### Invitation to Comment: Framework: Tier 3 For-Profit Entities

Grant Thornton New Zealand Limited (Grant Thornton) is pleased to provide the External Reporting Board (XRB) with its comments on External Reporting Board's Exposure Draft: *Framework: Tier 3 For-Profit Entities* (the ED). We have considered the ED along with the accompanying Invitation to Comment (ITC) and set out our comments below.

Grant Thornton's response reflects our position as auditors and business advisers both to listed companies and privately held companies and businesses in New Zealand.

#### Summary

It makes complete sense to us that the XRB would want to issue a separate suite of standards to be applied by the Tier 3 For-Profit (FP) entities called *NZ IFRS Diff Rep*.

The optionality to apply NZ IFRS's approved in and subsequent to June 2012 also make sense given the "limited life" of the Tier 3 regime as it's presently configured.

Responses to the three specific questions posed by the Board are answered in Appendix 1 to this letter.

If you have any questions, or wish us to amplify our comments, please contact me in our Auckland Office on (09) 308 2534.

Yours sincerely  
Grant Thornton New Zealand Ltd

Mark Hucklesby  
National Technical Director

# Appendix 1

Feedback on specific questions asked

1. **Do you agree with the proposal to exclude the following from NZ IFRS Diff Rep:**

**(a) Appendix C *Life Insurance Entities* of NZ IFRS 4 *Insurance Contracts*;**

**(b) Appendix E *New Zealand-specific Additional Disclosure Requirements Applicable to Deposit-takers* of NZ IFRS 7 *Financial Instruments: Disclosures*;**

**(c) NZ IFRS 8 *Segment Reporting*; and**

**(d) NZ IAS 33 *Earnings per Share*?**

**If you disagree with the proposal please provide reasons.**

Yes. Given the scope of these standards, to include these topic areas does not make sense.

2. **Do you agree with the proposal to permit qualifying entities to voluntarily adopt new and amended NZ IFRSs approved in, and subsequent to 30 June 2011? If you disagree with the proposal please provide reasons.**

Yes.

3. **Do you agree with the proposed differential reporting disclosure concessions that an entity may apply if it elects to apply the new or amended standards? If not, please provide reasons (please be explicit).**

Yes. Giving this optionality does not penalise a reporting entity if there are amendments subsequently made to the standards that may help better explain the financial position, financial performance or cash flows of the reporting entity.