

**List of Submissions to ED 186** *Classification of Rights Issues (Proposed Amendments to AASB 132)*

- 1 Grant Thornton
- 2 Representatives of the Australian Accounting Profession  
(CPA Australia, The Institute of Chartered Accountants in Australia and National Institute of Accountants)



Mr Kevin Stevenson  
 Chairman  
 Australian Accounting Standards Board  
 PO Box 204,  
 Collins Street  
 WEST VICTORIA 8007  
 By Email: [standard@asab.gov.au](mailto:standard@asab.gov.au)

Grant Thornton Australia Limited  
 ABN 41 127 556 389

Level 17, 383 Kent Street  
 Sydney NSW 2000  
 PO Locked Bag Q800  
 QVB Post Office  
 Sydney NSW 1230

25 August 2009

T +61 2 8297 2400  
 F +61 2 9299 4445  
 E [info.nsw@grantthornton.com.au](mailto:info.nsw@grantthornton.com.au)  
 W [www.grantthornton.com.au](http://www.grantthornton.com.au)

Dear Kevin

Grant Thornton Australia Limited (Grant Thornton) is pleased to provide the Australian Accounting Standards Board with its comments on Exposure Draft ED 186 'Classification of Rights Issues (proposed amendment to AASB 132/IAS 32) which is a re-badged copy of the International Accounting Standards Board's ED/2009/9 (the ED). We have considered the ED 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, and this submission has benefited with some initial input from our clients, Grant Thornton International which is working on a global submission to the IASB, and discussions with key constituents.

The views expressed here are preliminary in nature, and a more detailed Grant Thornton's global submission will be finalised by the IASB's due date of 7 September 2009.

#### Support for the project

- 1 We broadly support the proposed amendment on the grounds that the current classification outcome for rights issues is counter-intuitive
- 2 We would have preferred the issue to have been addressed more broadly, however we recognize the Board intends it to be a narrow amendment in light of its ongoing Financial Instruments with Characteristics of Equity project
- 3 We are concerned over BC11's assertion that the fact that the rights are distributed pro rata to existing shareholders is critical to the conclusion that this is a transaction with owners in their capacity as owners. Applying this assertion more widely could be problematic.
- 4 We do not believe that there are any Australian regulatory issues and on that basis we believe that the proposals would result in financial statements that will be useful to users, and the proposals are in the best interests of the Australian economy.

If you require any further information or comment, please contact me.

Yours sincerely  
GRANT THORNTON AUSTRALIA LIMITED



Keith Reilly  
National Head of Professional Standards

24 August 2009

Mr Kevin Stevenson  
Chairman  
Australian Accounting Standards Board  
PO Box 204  
Collins Street West VIC 8007

Via email: [standard@asb.gov.au](mailto:standard@asb.gov.au)

Dear Mr Stevenson

**Comments on Exposure Draft 186 Classification of Rights Issues (proposed amendment to AASB 132)**

Thank you for the opportunity to comment on the AASB ED 186 Classification of Rights Issues. CPA Australia, The Institute of Chartered Accountants in Australia and the National Institute of Accountants (the Joint Accounting Bodies) have considered the above discussion paper (DP) and our comments follow.

The Joint Accounting Bodies represent over 180,000 professional accountants in Australia. Our members work in diverse roles across public practice, commerce, industry, government, academia throughout Australia and internationally.

Our response to matters on which specific comment is requested is included in the attached Appendix. Also attached is our submission to the IASB.

If you have any questions regarding this submission, please do not hesitate to contact either Kerry Hicks (the Institute) at [kerry.hicks@charteredaccountants.com.au](mailto:kerry.hicks@charteredaccountants.com.au), Mark Shying (CPA Australia) at [mark.shying@cpaaustralia.com.au](mailto:mark.shying@cpaaustralia.com.au) or Tom Ravlic (NIA) at [tom.ravlic@nia.org.au](mailto:tom.ravlic@nia.org.au).

Yours sincerely



Geoff Rankin  
Chief Executive Officer  
CPA Australia Ltd



Graham Meyer  
Chief Executive Officer  
Institute of Chartered  
Accountants



Andrew Conway  
Chief Executive Officer  
National Institute of Accountants

Representatives of the Australian Accounting Profession



[cpaaustralia.com.au](http://cpaaustralia.com.au)



The Institute of  
Chartered Accountants  
in Australia

[charteredaccountants.com.au](http://charteredaccountants.com.au)



[nia.org.au](http://nia.org.au)

The AASB would particularly value comments on whether:

(a) there are any regulatory issues or other issues arising in the Australian environment that may affect the implementation of the proposals, particularly any issues relating to:

- (i) not-for-profit entities; and
- (ii) public sector entities;

(b) overall, the proposals would result in financial statements that would be useful to users; and

(c) the proposals are in the best interests of the Australian economy.

We do not consider there to be any issues arising in the Australian environment that may affect the implementation of the proposals. Overall, the proposals would result in more useful financial statements and are in the best interests of the Australian economy.

24 August 2009

Sir David Tweedie  
International Accounting Standards Board  
30 Cannon Street  
LONDON EC4M 6XH  
UNITED KINGDOM

Via "Open to comment" page on [www.iasb.org](http://www.iasb.org)

Dear Sir David

**Comments on Exposure Draft ED/2009/9 Classification of Rights Issues**

Thank you for the opportunity to comment on the IASB Exposure Draft Classification of Rights Issues. CPA Australia, The Institute of Chartered Accountants in Australia and the National Institute of Accountants (the Joint Accounting Bodies) have considered the above exposure draft (ED) and our comments follow.

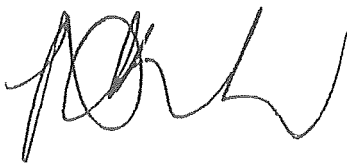
The Joint Accounting Bodies represent over 180,000 professional accountants in Australia. Our members work in diverse roles across public practice, commerce, industry, government, academia throughout Australia and internationally.

The Joint Accounting Bodies agree with the proposal to amend IAS 32 *Financial Instruments: Presentation* to allow rights issued pro rata to existing shareholders to be classified as equity instruments, where the exercise price is fixed in any currency.

Whilst we appreciate the concern around the issue and agree with the fact that these specific types of rights issues should be classified as equity, we do not agree with the approach taken to make piecemeal changes to IAS 32. Given that there is an IASB project on Financial Instruments with Characteristics of Equity, this issue should be dealt with as part of this project.

If you have any questions regarding this submission, please do not hesitate to contact either Kerry Hicks (the Institute) at [kerry.hicks@charteredaccountants.com.au](mailto:kerry.hicks@charteredaccountants.com.au), Mark Shying (CPA Australia) at [mark.shying@cpaaustralia.com.au](mailto:mark.shying@cpaaustralia.com.au) or Tom Ravlic (NIA) at [tom.ravlic@nia.org.au](mailto:tom.ravlic@nia.org.au).

Yours sincerely



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