



Australian Government
Australian Accounting Standards Board

ED 233 *Australian Disclosures – Investment Entities*

Preliminary summary of
submissions received
8 April 2013



Background

- IASB amended IFRS 10 in October 2012 to provide an exception to consolidation for investment entities from 1 January 2014 (can be adopted early)
- ED 233 issued in December 2012 for comment by 29 March 2013
 - 3 AASB members wanted IASB's amendments unchanged
 - 4 AASB members did not want IASB's amendments
 - 7 AASB members preferred issuing IASB's amendments with Australian additional disclosures
- 9 positive votes are needed to make a standard



Entities likely to be ‘investment entities’

The following types of entities may be ‘investment entities’ (refer to Agenda Paper 7.4 of the September 2012 AASB meeting):

- Registered Managed Investment Schemes (MISs)
- Listed Investment Companies (LICs)
- Superannuation entities
- Pooled Superannuation Trusts (PSTs)
- Federal, State and Territory Government investment authorities



ED 233 submissions to date

1) AMP	2) Australian Private Equity & Venture Capital Association (AVCAL)	3) Crowe Horwath
4) G100	5) Industry Fund Management	6) IOOF Group
7) MMC Fund Admin	8) Westworth Kemp	9) Willie Ooi
10) ANZ	11) Unity Administration	12) Macquarie Group
13) Equity Trustees	14) KPMG	15) BDO
16) QIC	17) AICD	18) Deloitte
19) Vanguard	20) NAB	21) Grant Thornton
22) PwC	23) Financial Reporting Specialists (FRS)	24) ICAA and CPAA
25) EY	26) International Accounting and Auditing Institute	27) ASIC



1 respondent supports ED 233 – key reasons

- IASB's amendment to provide exception from consolidation for investment entities may result in loss of information for investors and create structuring opportunities
- Disclosures required are in best interest of confident and informed markets, investors and other users and Australian economy as a whole
- No additional cost to entities of obtaining information because consolidation is currently required



1 respondent supports not issuing IASB amendments – key reasons

- IASB's amendment provides incentive for avoiding consolidation
- IASB's guidance allowing judgement in determining investment entities makes the distinction artificial and unenforceable



25 respondents support IASB amendments unchanged – key reasons

- FV relevant information for users of investment entity GPFS
- Additional disclosures may mislead and imply FVs do not faithfully represent financial position of investment entities
- No evidence to support presumption that loss of consolidation information would adversely impact decision making
- Significant cost and operational disadvantage imposed on Australian investment entities
- No unique Australian reason for being different from IFRS
- AASB should perform cost/benefit analysis before requiring additional disclosures
- IASB's definition of investment entity sufficiently robust to minimise structuring opportunities and not allowing non-investment entity parent to apply exception substantially mitigates risk of misuse
- could lead to perception Australian investment entities are not IFRS compliant



Next steps

- Staff will provide comprehensive analysis and collation of submissions for Board in AASB's May meeting
- Is there any particular issue or analysis that Board wants staff to conduct prior to AASB's May meeting?
- Aim to issue standard in June 2013?