



Mr Kevin Stevenson

Mr Hans Hoogervorst

Chairman

Chairman

Australian Accounting Standards Board

International Accounting Standards Board

By Email: standard@asb.gov.au

IASB Website www.ifrs.gov

3 March 2014

Dear Kevin and Hans,

Macquarie University's Department of Accounting and Corporate Governance is pleased to provide the Australian Accounting Standards Board (AASB) and the International Accounting Standards Board (IASB) with its comments on ED 247 and Exposure Draft ED/2013/11 Annual Improvements to IFRSs 2012-2014 Cycle (the ED). We have considered the ED, as well as the accompanying draft Basis for Conclusions.

Macquarie University's response reflects our position as a leading educator to the Australian and global community. This submission has benefited with input from discussions with key constituents.

We support the proposals in the ED as they provide for non-controversial improvements and clarifications.

Our only concern is that the Board needs to ensure that any amendments to IAS 34 – Interim Financial Reporting needs to be carefully considered given the risk of adding un-necessary clutter to what should be condensed financial information. Whilst we concur with the statement in BC7 that an interim financial report should include an explanation of events and transactions that are significant for understanding the financial position and results for the interim period, the very nature of a condensed report is exactly that, it needs to be condensed. As a general philosophy we do not see the need to have changes to IAS 34 each time a new or amended standard is issued, but rather rely upon the general requirement about 'significant for understanding'..



AASB Questions

Given that it is Government policy that Australian accounting standards are required to conform to international accounting standards issued by the IASB, we have no further comments to make.

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

A handwritten signature in black ink that reads "Keith Reilly". The signature is written in a cursive, flowing style.

Keith Reilly

Industry Fellow (International Governance & Reporting)

Department of Accounting and Corporate Governance - Macquarie University

keith.reilly@mq.edu.au



Department of Treasury and Finance

1 Treasury Place
 GPO Box 4379
 Melbourne Vic 3001
 Australia
 Telephone: (+61 3) 9651 5111
 Facsimile: (+61 3) 9651 5298
 DX 210759

Contact: Kevin Lee
 Phone: 03 9651 5565

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

Dear Kevin

ED 247 ANNUAL IMPROVEMENTS TO IFRSs 2012-14 CYCLE

The Heads of Treasuries Accounting and Advisory Committee (HoTARAC) welcomes the opportunity to provide comments to the Australian Accounting Standards Board Exposure Draft *247 Annual Improvements to IFRSs 2011-2014 Cycle*.

Overall, we are supportive of the proposals but would like to draw your attention to the proposed changes in *IAS 34 Interim Financial Reporting: Disclosure of information elsewhere in the interim financial report* where the benefit of reducing duplication of information with the use of cross referencing may be lost as interpretation of the current legislation for reporting by auditors may still require the information to be contained within the financial statements and notes. This would also apply to other public sector bodies and entities that comply with other legislation that still requires the information to be reported within the financial statements and notes.

Further detailed comments are attached. If you have any queries regarding HoTARAC's comment, please contact Kevin Lee from the Department of Treasury and Finance on (03) 9651 5565.

Yours sincerely


 Steve Mitsas
 On behalf of
 HEADS OF TREASURIES ACCOUNTING AND REPORTING ADVISORY COMMITTEE

28 February 2014

Encl

HoTARAC Response to AASB ED247 *Annual Improvements to IFRSs 2011-2014 Cycle*

IASB: Questions raised in the Exposure Draft

Question 1 – Proposed Amendment

Do you agree with the IASB's proposal to amend the Standards as described in the Exposure Draft?

If not, why and what alternative do you propose?

and

Question 2 – Transition provisions and effective date

Do you agree with the proposed transition provisions and effective date for the issue as described in the Exposure Draft?

If not, why and what alternative do you propose?

Our responses to the above questions in relation to each of the proposed amendments are as follows:

IFRS 5 Non-current Assets Held for Sale and Discontinued Operations: Changes in methods of disposal

We agree with the proposal.

IFRS 7 Financial Instruments: Disclosure – Servicing contracts

We agree with the proposal.

IFRS 7 Financial Instruments: Disclosure – Applicability of the amendments to IFRS 7 to condensed interim financial statements

We agree with the proposal.

IAS 19 Employee Benefits: Discount rate: regional market issue

We agree with the proposal.

IAS 34 Interim Financial Reporting: Disclosure of information 'elsewhere in the interim financial report'

While we support the proposal as it provides an expedient way to reduce duplication of information, the current definition of a half-year financial report defined by s.303 of the *Corporations Act 2001* may be interpreted by auditors still requiring the information to be included within the financial statements and notes, hence limiting the opportunity to cross reference outside the financial statements. This change may not be available to other public sector bodies and entities that comply with other legislation that still require the information to be reported within the financial statements and notes. The revised paragraph 16A is verbose and unwieldy and it is preferable for it to be reworded before it becomes a standard.

AASB: Specific matters for comment

1. *Whether 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:*
 - a) *Not for profit entities; and*
 - b) *Public sector entities, including GAAP/GFS implications.*

None noted except for IAS 34 *Interim Financial Reporting: Disclosure of information 'elsewhere in the interim financial report'* where interpretation of the *Corporations Act 2001* requirements by auditors may still require the information to be included in the financial statements and notes. This change may not be available to other public sector bodies and entities that comply with other legislation that still require the information to be reported within the financial statements and notes.

2. *Whether overall, the proposals would result in financial statements that would be useful to users.*

We agree that overall the proposals would result in financial statements that would be useful to users.

3. *Whether the proposals are in the best interests of the Australian economy;*

No comments

4. *Unless already provided in response to specific matters for comment above, the costs and benefits of the proposals relative to the current requirements, whether quantitative (financial or non-financial) or qualitative.*

No comments



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

via email: standard@aab.gov.au

18 March 2014

Dear Kevin

Re: Exposure draft 247 Annual Improvements to IFRSs 2012-2014 Cycle

I am enclosing a copy of PricewaterhouseCoopers' response to the International Accounting Standards Board's exposure draft ED/2013/11 *Annual Improvements to IFRSs 2012-2014 Cycle*.

The letter reflects the views of the PricewaterhouseCoopers (PwC) network of firms and as such includes our own comments on the matters raised in the request for comment. PwC refers to the network of member firms of PricewaterhouseCoopers International Limited, each of which is a separate and independent legal entity.

AASB specific matters for comment

We are not aware of any regulatory or other issues that could affect the implementation of the proposals for not-for-profit and public sector entities.

Should the proposed amendments be approved by the IASB, we are not aware of anything that would indicate that the proposals are not in the best interests of the Australian economy.

I would welcome the opportunity to discuss our firm's views at your convenience. Please contact me on (03) 8603 5371 if you would like to discuss our comments further.

Yours sincerely,

A handwritten signature in blue ink that reads 'Margot Le Bars'.

Margot Le Bars
Partner, PricewaterhouseCoopers

PricewaterhouseCoopers, ABN 52 780 433 757
Freshwater Place, 2 Southbank Boulevard, SOUTHBANK VIC 3006, GPO Box 1331, MELBOURNE VIC 3001
DX 77 Melbourne, Australia
T: 61 3 8603 1000, F: 61 3 8603 1999, www.pwc.com.au

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Mr Michael Stewart
Director of Implementation Activities
International Accounting Standards Board
30 Cannon Street
London
EC4M 6XH

13 March 2014

Dear Sir

Exposure draft: Annual Improvements to IFRSs 2012-2014 Cycle

We are responding to your invitation to comment on the Exposure Draft on behalf of PricewaterhouseCoopers.

Following consultation with members of the PricewaterhouseCoopers network of firms, this response summarises the views of member firms who commented on the Exposure Draft.

"PricewaterhouseCoopers" refers to the network of member firms of PricewaterhouseCoopers International Limited, each of which is a separate and independent legal entity.

We agree in principle with the proposed improvements. Our responses to the specific questions posed in the invitation to comment are attached as Appendix 1 to this letter and include suggestions to clarify the wording of several of the proposed amendments.

If you have any questions in relation to this letter please do not hesitate to contact John Hitchins, PwC Global Chief Accountant (020 7804 2497), or Mary Dolson (020 7804 2930).

Yours faithfully

A handwritten signature in blue ink that reads 'PricewaterhouseCoopers' in a cursive style.

PricewaterhouseCoopers

PricewaterhouseCoopers International Limited, 1 Embankment Place, London WC2N 6RH
T: +44 (0) 20 7583 5000, F: +44 (0) 20 7822 4652

PricewaterhouseCoopers International Limited is registered in England number 3590073.
Registered Office: 1 Embankment Place, London WC2N 6RH.



Appendix 1

Detailed responses to the specific questions in the Exposure Draft

A. Proposed amendment to IFRS 5, *Non-current Assets held for Sale and Discontinued Operations*

Changes in methods of disposal.

Question 1: Do you agree with the IASB's proposal to amend the Standards as described in the Exposure Draft? If not, why and what alternative do you propose?

We agree with the proposal to amend IFRS 5 as described in the Exposure Draft.

Question 2: Do you agree with the proposed transition provisions and effective date for the issue as described in the Exposure Draft? If not, why and what alternative do you propose?

We agree with the proposed transition provisions and effective date.

B. Proposed amendments to IFRS 7, *Financial Instruments: Disclosure*

1. *Servicing contracts.*

Question 1: Do you agree with the IASB's proposal to amend the Standards as described in the Exposure Draft? If not, why and what alternative do you propose?

We support the proposal to clarify when a servicing contract represents continuing involvement for the purposes of the IFRS 7 disclosure requirements in paragraphs 42E-42H. However, we suggest clarifying the guidance to explain the principle of when a service agreement represents continuing involvement. From the examples included we understand that this is when the transferor has an economic interest in the future performance of the transferred asset. We believe it would be helpful to clarify that the obligation to perform the service, in itself, does not represent continuing involvement.

The examples included in paragraph B30A are both situations where the transferor continues to have continuing involvement. It may be helpful to include a further example of when a servicing arrangement does not represent continuing involvement. This could be the commonly occurring situation where a fixed fee is fully paid on transfer and is not contingent on the future performance of the transferred asset.

Question 2: Do you agree with the proposed transition provisions and effective date for the issue as described in the Exposure Draft? If not, why and what alternative do you propose?

We agree with the proposed transition provisions and effective date.



2. *Applicability of the amendments to IFRS 7 to condensed interim financial statements*

Question 1: Do you agree with the IASB's proposal to amend the Standards as described in the Exposure Draft? If not, why and what alternative do you propose?

We support your proposal to clarify that offsetting disclosures are not specifically required for all interim periods, unless required by IAS 34.

Question 2: Do you agree with the proposed transition provisions and effective date for the issue as described in the Exposure Draft? If not, why and what alternative do you propose?

We agree with the proposed transition provisions and effective date.

C. Proposed amendments to IAS 19, Employee Benefits

Discount rate: regional market issue.

Question 1: Do you agree with the IASB's proposal to amend the Standards as described in the Exposure Draft? If not, why and what alternative do you propose?

We support the proposal to clarify that the high quality corporate bonds used to estimate the discount rate for post-employment benefit obligations should be denominated in the same currency as the liability. We also support the proposal to clarify that the depth of the market for high quality corporate bonds should be assessed at the currency level and not be restricted to a country or region.

The draft amendment does not address the impact of pegged exchange rates and there are different views on the implications. We therefore suggest clarifying that a pegged currency is distinct and separate from the currency to which it is pegged. This might be accomplished by expanding BC 2 or BC 3 to state that the depth of the market is assessed only by reference to high quality corporate bonds denominated in the currency in which the benefits are to be paid, irrespective of whether or not that currency is pegged to another currency.

Question 2: Do you agree with the proposed transition provisions and effective date for the issue as described in the Exposure Draft? If not, why and what alternative do you propose?

We agree with the proposed transition provisions and effective date.



D. Proposed amendment to IAS 34, *Interim Financial Reporting*

Disclosure of information 'elsewhere in the interim financial report'.

Question 1: Do you agree with the IASB's proposal to amend the Standards as described in the Exposure Draft? If not, why and what alternative do you propose?

We support the proposal to clarify the meaning of disclosure of information 'elsewhere in the interim financial report' and to require the inclusion of a cross-reference from the interim financial statements to the location of this information. We also suggest that:

- The guidance in IAS 34 should be consistent with the principle in IAS 1 para 49 that requires the financial statements to be clearly identified and distinguishable from other information in the same published document. We therefore suggest clarifying the interaction between IAS 34 para 16A and IAS 1 para 49 onwards.
- The guidance should require that interim financial information disclosed elsewhere in the interim financial report should be available to users of the interim financial information whenever such information is used and not just when it is published.

Question 2: Do you agree with the proposed transition provisions and effective date for the issue as described in the Exposure Draft? If not, why and what alternative do you propose?

We agree with the proposed transition provisions and effective date.