



Australian Government

**Australian Accounting
Standards Board**

AASB 2-3 September 2015
Agenda paper 24.1.1 (M147)

Postal Address
PO Box 204
Collins Street West VIC 8007
Telephone: (03) 9617 7600

X September 2015

Mr Hans Hoogervorst
Chairman
International Accounting Standards Board
30 Cannon Street
London EC4M 6XH
UNITED KINGDOM

Dear Hans,

IASB Exposure Draft ED/2015/7
Effective Date of Amendments to IFRS 10 and IAS 28

The Australian Accounting Standards Board (AASB) is pleased to submit its comments on the Exposure Draft to the International Accounting Standards Board. In formulating its comments, the AASB sought and considered the views of its Australian constituents through comment letters and other consultation. The comment letters received from constituents in respect of AASB Exposure Draft ED 268 *Effective Date of Amendments to IFRS 10 and IAS 28* (which incorporated IASB ED/2015/7) are published on the AASB's website.

The AASB does not agree with the IASB's proposal to defer indefinitely the effective date of *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* until such time as it has finalised amendments, if any, that result from its research project on the equity method. The AASB considers that the current effective date of *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* should be retained as the amendments address an inconsistency between the requirements in IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures* (refer to paragraph BC109C and paragraph BC37C of IFRS 10 and IAS 28 respectively) and, accordingly, help reduce diversity in practice.

The AASB notes that the IASB is proposing to allow early application of the amendments while the effective date is deferred on the basis that the amendments were intended to address existing diversity in practice. This reinforces the AASB's view that the amendments help reduce diversity in practice and improve current guidance in IFRS 10 and IAS 28. The AASB views that the current effective date of the amendments should be retained as the amendments are relevant even though further work may be undertaken on the topic as part of the IASB's research project on *Equity Method of Accounting*.

The AASB is also concerned that amending the effective date of a Standard after it is issued may undermine the IASB's due process of having established the effective date in the first place after careful consideration and consultation with its constituents. Furthermore, deferring the effective date of a Standard may set a precedent that could result in constituents seeking amendments to the effective date of other Standards that may be

| considered difficult to implement (refer to [AASB's submission](#) to the IASB on ED/2015/2 *Effective Date of IFRS 15 (Proposed amendments to IFRS 15)*).

The AASB would also like to highlight to the IASB that in jurisdictions such as Australia where Accounting Standards are legislative instruments, deferring the effective date indefinitely by not specifying a particular date may have unintended legal consequences (for example, it may result in the requirements becoming effective immediately). Accordingly, the AASB urges the IASB to consider how its proposals may impact constituents from a legislative perspective.

If you have queries regarding any matters in this submission, please contact Kala Kandiah (kkandiah@asb.gov.au).

Yours sincerely,

Kris Peach
AASB Chair

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