



Australian Government
**Australian Accounting
Standards Board**

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

18 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 notes that the rationale for indefinite deferral is the possible outcomes of the *Equity Method of Accounting* research project. If the IASB decides to proceed with its proposal, given the current diversity in practice, the AASB is strongly of the view that the IASB will need the findings of its *Equity Method of Accounting* research project to be available in a short timeframe.

The AASB would prefer that the IASB did not proceed with its 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 the IASB has finalised amendments, if any, that result from its research project on the equity method. The AASB considers, given the current diversity in practice, that it is preferable the current effective date of *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* be retained.

The AASB notes that it is proposed that the early application of the amendments should continue to be permitted while the effective date is deferred because 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 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 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 submission¹ to the IASB on ED/2015/2 *Effective Date of IFRS 15 (Proposed amendments to IFRS 15)*).

Legal implications

The AASB would also like to highlight 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. The AASB would also like the IASB to note that if the IASB's proposals in ED/2015/7 become a Standard, the AASB has tentatively decided that the effective date of the amendments would be 1 January 2018 in Australia as the amendments would otherwise become effective immediately.

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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http://www.aasb.gov.au/admin/file/content106/c2/AASB_Submission_to_ED_2015_2_Effective_date_of_IFRS_15_2015_07.pdf