

28 February 2012

The Chairman  
 Australian Accounting Standards Board  
 PO Box 204  
 Collins Street West  
 Victoria 8007  
 Email: [standard@asb.gov.au](mailto:standard@asb.gov.au)

Dear Kevin

**ED 224 Transition Guidance (proposed amendments to AASB 10)**

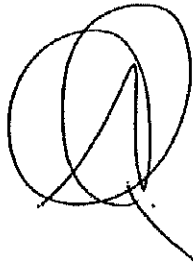
CPA Australia, the Institute of Chartered Accountants in Australia and the Institute of Public Accountants (the Joint Accounting Bodies) are pleased to respond to the AASB's Exposure Draft 224 *Transition Guidance (proposed amendments to AASB 10)*.

The Joint Accounting Bodies represent over 210,000 professional accountants. Our members work in diverse roles across public practice, commerce, industry, government and academia throughout Australia and internationally.

The Joint Accounting Bodies support the proposed amendments as they clarify the Board's intention with respect to how the transition guidance in IFRS 10 is to be applied. Our response to matters on which specific comment is requested is included in the attached Appendix. Also attached is our submission to the IASB, which includes our responses to the specific IASB questions for comment.

If you require further information on any of our views, please contact Mark Shying, CPA Australia by email [mark.shying@cpaaustralia.com](mailto:mark.shying@cpaaustralia.com), Kerry Hicks, the Institute of Chartered Accountants by email [kerry.hicks@charteredaccountants.com.au](mailto:kerry.hicks@charteredaccountants.com.au) or Tom Ravlic, the Institute of Public Accountants by email [tom.ravlic@publicaccountants.org.au](mailto:tom.ravlic@publicaccountants.org.au).

Yours sincerely



Alex Malley  
 Chief Executive Officer  
 CPA Australia Ltd



Lee White  
 Chief Executive Officer  
 Institute of Chartered  
 Accountants in Australia



Andrew Conway  
 Chief Executive Officer  
 Institute of Public 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)



IPA INSTITUTE OF PUBLIC  
 ACCOUNTANTS

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

## **Appendix 1: Comments in response to issues noted for consideration**

The AASB would particularly value comments on the following:

**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;**

We do not consider there to be any regulatory issues or other issues in the Australian environment that may affect the implementation of the proposals.

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

The proposals would result in useful financial statements.

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

Adoption of new or revised IFRS is in the best interests of the Australian economy.

**4. unless already provided in response to specific matters for comment 1 – 3 above, the costs and benefits of the proposals relative to the current requirements, whether quantitative (financial or non-financial) or qualitative.**

The costs and benefits of the proposals are appropriate.

28 February 2012

Hans Hoogervorst  
Chairman  
International Accounting Standards Board  
30 Cannon Street  
London EC4M 6XH  
United Kingdom

Submission via IFRS Foundation website

Dear Hans

**Comments on Exposure Draft ED/2011/7 Transition Guidance (Proposed amendments to IFRS 10)**

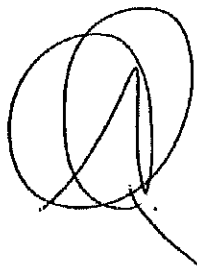
Thank you for the opportunity to comment on the IASB Exposure Draft ED/2011/7 *Transition Guidance (Proposed amendments to IFRS 10)*. CPA Australia, the Institute of Chartered Accountants (the Institute) and the Institute of Public Accountants (the Joint Accounting Bodies) have considered this ED and our comments follow.

The Joint Accounting Bodies represent over 210,000 professional accountants. Our members work in diverse roles across public practice, commerce, industry, government and academia throughout Australia and internationally.

The Joint Accounting Bodies support the proposed amendments as they clarify the Board's intention with respect to how the transition guidance in IFRS 10 is to be applied. Our response to matters on which specific comment is requested is included in the attached Appendix.

If you require further information on any of our views, please contact Mark Shying, CPA Australia by email [mark.shying@cpaaustralia.com](mailto:mark.shying@cpaaustralia.com), Kerry Hicks, the Institute of Chartered Accountants by email [kerry.hicks@charteredaccountants.com.au](mailto:kerry.hicks@charteredaccountants.com.au) or Tom Ravlic, the Institute of Public Accountants by email [tom.ravlic@publicaccountants.org.au](mailto:tom.ravlic@publicaccountants.org.au).

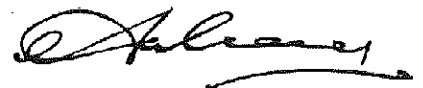
Yours sincerely



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## **Appendix : Our comments in response to the ED**

### **Question 1:**

**The Board proposes to clarify the 'date of initial application' in IFRS 10. The date of initial application for IFRS 10 would be 'the beginning of the annual reporting period in which IFRS 10 is applied for the first time'. The Board also proposes to make editorial amendments to paragraphs C4 and C5 of IFRS 10 to clarify how an investor shall adjust comparative period(s) retrospectively if the consolidation conclusion reached at the date of initial application is different under IAS 27/SIC-12 and IFRS 10.**

**Do you agree with the amendments proposed? Why or why not? If not, what alternative do you propose?**

We agree with the amendments proposed because they clarify the Board's intention with respect to applying the transition requirements, thus minimising diversity in practice.

### **Question 2:**

**The Board proposes to amend paragraph C3 of IFRS 10 to clarify that an entity is not required to make adjustments to the previous accounting for its involvement with entities if the consolidation conclusion reached at the date of initial application is the same under IAS 27/SIC-12 and IFRS 10. As a result, the Board confirms that relief from retrospective application of IFRS 10 would apply to an investor's interests in investees that were disposed of during a comparative period such that consolidation would not occur under either IAS 27/SIC-12 or IFRS 10 at the date of initial application.**

**Do you agree with the amendments proposed? Why or why not? If not, what alternative do you propose?**

We agree with the amendments proposed because they clarify the Board's intention with respect to applying the transition requirements, thus minimising diversity in practice.

### **Other comments**

#### *Retrospective application of IFRS 3*

Where an investor is required to consolidate an investee that was not previously consolidated, it is not clear which version of IFRS 3 should be applied at the date control was obtained – is it the current version of IFRS 3 or the version that was in place at the date of control? We suggest that the Board provides guidance as to which version should be applied in these situations.