16 March 2012

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

Dear Mr Hoogervorst,

Exposure Draft ED/2011/7: Transition Guidance (Proposed amendments to IFRS 10)

Thank you for the opportunity to comment on this Exposure Draft (ED). Australia and New Zealand Banking Group Limited (ANZ) is listed on the Australian Securities Exchange. We operate across Australia, New Zealand, Asia, the Pacific, Europe and the US and our most recent annual results reported profits of USD5.8 billion and total assets of USD641 billion.

We support the majority of the proposals raised in this ED and believe that these proposals will address the uncertainty around the transition guidance in IFRS 10 *Consolidated financial Statements* (IFRS 10). We do not, however, agree with the proposals requiring retrospective adjustment to comparative period information where the requirements of IFRS 10 result in a different consolidation conclusion than that achieved by the application of the previous version of IAS 27 *Consolidated and Separate Financial Statements* (IAS 27) and SIC-12 *Consolidation – Special Purpose Entities* (SIC 12). We believe that these requirements may result in a significant impost on financial statement preparers and auditors as the information required to make a retrospective adjustment would be significant and difficult to obtain, albeit that the criteria set out in IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* (IAS 8) to demonstrate that it is impracticable to provide this may not be met. Consequently, the costs of providing this information may well outweigh the benefits achieved. We propose that the Board allows the choice to restate comparative information on a consolidated, entity by entity basis. In order to facilitate comparability we propose that, where comparatives are not restated for the impact of entities required to be consolidated for the first time under IFRS 10, disclosure of the basis for not restating comparatives is provided together with a summary of the financial impact of consolidating that entity in the current year.

Detailed comments on the questions raised in the ED are attached to this letter. Should you have any queries on our comments, please contact me at Shane.Buggle@anz.com.

Yours sincerely

Shane Buggle
Deputy Chief Financial Officer

Copy: Chairman, Australian Accounting Standards Board (AASB)

Appendix

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 proposed amendment clarifying that the date of initial application of IFRS 10 is the beginning of the annual reporting period in which IFRS 10 is applied for the first time.

We do not, however, agree with the requirement to retrospectively adjust comparative periods if the consolidation conclusion reached at the date of initial application is different under IAS27/SIC-12 and IFRS 10. We believe that in many instances, the conclusions reached under these accounting standards will only be different where there is significant judgement involved, for example, where the investee is a structured entity and control is not determined by straightforward voting rights attached to equity instruments. Accordingly, the information required to retrospectively consolidate these entities may be particularly difficult and costly to capture, albeit that the criteria set out in IAS 8 to demonstrate that it is impracticable to provide this information may not be met. As a result we question whether the incremental benefit to the users of the financial statements is sufficient to justify the costs. We propose that the Board instead allows the choice to restate comparative information on a consolidated, entity by entity basis. In order to facilitate comparability we propose that where comparatives are not restated for the impact of entities required to be consolidated for the first time under IFRS 10 that disclosure of the basis for not restating comparatives is provided together with a summary of the financial impact of consolidating that entity in the current year.

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 IAS17/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. We believe that there is little value or relevance to users of financial statements to be achieved by making retrospective judgements about consolidation. In particular, reassessing the consolidation conclusion for investees that were disposed of during the comparative period will result in temporary consolidation adjustments that do not reflect the nature of the ongoing relationship between the investee and investor.