

Ms Kris Peach
Chair
Australian Accounting Standards Board
PO Box 204
Collins Street
West Victoria 8007

28 November 2014

Invitation to comment on AASB Exposure Draft Removal of Cross-References from Financial Statements to Other Documents (ED 256)

Dear Ms Peach

Ernst & Young Australia ('Ernst & Young') is pleased to provide comments on the AASB's Exposure Draft 256 *Removal of Cross-References from Financial Statements to Other Documents* (the 'ED').

Overall, Ernst & Young is generally supportive of the proposal in ED 256 to remove from AASB 1 *First-time Adoption of Australian Accounting Standards* and AASB 119 *Employee Benefits*, text which permits entities to provide certain disclosures by cross-reference to other documents. We understand that this is consistent with the AASB's previous decisions not to incorporate IFRS text in AASB 7 *Financial Instruments: Disclosures* which would allow certain disclosures to be incorporated by cross-reference to a document outside the financial statements.

While we support the AASB's policy of verbatim IFRS adoption for for-profit entities, we accept that as pointed out in the ED, explicitly permitting specified disclosures to be included by cross-reference from the general purpose financial statements to a document outside the financial statements may have unintended consequences with respect to both the audit of such information and regulatory compliance in the Australian regulatory reporting environment. While the nature of the AASB's concerns with respect to these regulatory compliance consequences is not specifically outlined in the ED, we understand that it relates to the interpretation of the requirements of the *Corporations Act* relating to the financial report, and the need to present the financial statements as a single self-contained document. We suggest that it would be helpful if the nature of these concerns was specified more clearly in the Basis for Conclusions to the proposed amendment.

We support the AASB's stated intention to revisit its proposed policy of not including in Australian Accounting Standards any IFRS text that mentions that an entity could disclose information specified by Accounting Standards by cross-reference from the general purpose financial statements once the IASB has issued concepts relating to presentation and disclosure as part of its Conceptual Framework project and has completed its *Disclosure Initiative - Principles of Disclosure* project, which address the use of cross-referencing.

In addition, we suggest that the Board consider engaging with relevant legislators and regulators with a view to exploring how the regulatory compliance consequences of cross-referencing mentioned above might be addressed. We note that with the pace of change in technology, the methods used to access information are evolving rapidly and that this has broader implications for how the information contained in financial statements and related disclosures are accessed. This also potentially includes the issue of accessing of information contained in other documents or locations. We therefore think it would be appropriate for the Board to initiate a dialogue with other stakeholders in the regulatory space regarding these broader implications.

We would be pleased to discuss our comments further with you. Please contact Charles Feeney (charles.feeney@au.ey.com or (02) 9248 4665) or Peter Gerhardy (Peter.Gerhardy@au.ey.com or (08) 8417 2057) if you wish to discuss any of the matters in this response.

Yours sincerely



Ernst & Young