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9 May 2011

Dear Kevin

**EXPOSURE DRAFT TIER 2 SUPPLEMENT TO ED 195 DEFINED BENEFIT PLANS IASB ED 2013/3**

Grant Thornton Australia Limited (Grant Thornton) is pleased to provide the Australian Accounting Standards Board with its comments on this Tier 2 ED 195 (the ED). We have considered the ED, and set out our comments in the Appendix.

Grant Thornton's response reflects our position as auditors and business advisers to the Australian business community. We work with listed and privately held companies, government, industry, and not-for-profit organisations (NFPs). This submission has benefited with some initial input from our clients, Grant Thornton International, and discussions with key constituents.

We note that the IASB has not indicated whether it will amend its IFRS for SMEs accounting standard for non-publicly accountable entities, and on that basis we believe the AASB should not finalise any decisions on RDR disclosures until the IASB has considered this further, given that the RDR is 'loosely' based on the IFRS for SMEs disclosures.

We also note that the UK Accounting Standards Board has issued its 3 Tier reporting ED in October 2010 and that includes an RDR type accounting standard in addition to IFRS and IFRS for SMEs. We suggest that the AASB should compare its ED 195 proposals to that contained in the UK RDR ED.

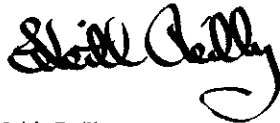
Grant Thornton does not believe that at this time the ED 207 amendments should mandatorily apply to non-publicly accountable entities. Instead Grant Thornton believes that the AASB should allow the IFRS for SMEs accounting standard as an option for non-publicly accountable entities. Adoption of IFRS recognition and measurement principles which the AASB believes necessitates an increase in disclosures compared to IFRS for

SMEs, does add significant complexity and costs that would not be borne by similar structured overseas entities.

If you require any further information or comment, please contact me.

Yours sincerely

GRANT THORNTON AUSTRALIA LIMITED



Keith Reilly

National Head of Professional Standards

## Appendix 1: Preliminary comments

### ED questions

**1 Whether you agree with the AASB disclosure proposals in paragraphs 33A and 125A- 125K of ED 195 in relation to Tier 2 entities as set out in the Analysis of Proposed Disclosures section below:**

We do not agree with the AASB disclosure proposals as we believe the AASB should not consider any decisions on RDR disclosures until the IASB has considered this further, given that the RDR is 'loosely' based on IFRS for SMEs disclosures. We also believe that the AASB should compare its ED 207 proposals to that contained in the UK RDR ED. As stated earlier, Grant Thornton believes that the AASB should allow the IFRS for SMEs accounting standard as an option for non-publicly accountable entities. Adoption of IFRS recognition and measurement principles which the AASB believes necessitates an increase in disclosures compared to IFRS for SMEs, does add significant complexity and costs that would not be borne by similar structured overseas entities.

**2 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 believe that there are regulatory and other issues arising in the Australian environment for non-publicly accountable entities as the proposed requirements would add significant complexity and costs that would not be borne by similar structured overseas entities.

**3 Whether, overall, the proposals would result in financial statements that would be useful to users.**

We reiterate that for non-publicly accountable entities the proposed requirements would add significant complexity and costs that would not be borne by similar structured overseas entities, and hence would not result in financial statements that would be useful to users.

**4 Whether the proposals are in the best interests of the Australian economy.**

We reiterate that for non-publicly accountable entities the proposed requirements would add significant complexity and costs that would not be borne by similar structured overseas entities, and hence would not result in financial statements that would be in the best interests of the Australian economy.

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

As stated above, we believe that the costs of maintaining an RDR structure without allowing for IFRS for SMEs as an option to full IFRS or the RDR, imposes costs on most non-publicly accountable entities that exceed the benefits.