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Mr Kevin Stevenson
The Chairman
Australian Accounting Standards Board
PO Box 204
Collins Street West
Victoria 8007

Our ref Submission - Tier 2 ED 222

8 February 2012

Dear Kevin

Submission - Tier 2 Supplement to ED 222

We are pleased to have the opportunity to comment on the AASB Exposure Draft ED 222 *Revenue from Contracts with Customers*. KPMG will be submitting a global submission in respect of ED/2011/6 *Revenue from Contracts with Customers (Revenue ED)*. Accordingly in this submission we only comment on the proposal contained in AASB ED 222 relating to Tier 2 disclosure requirements.

We appreciate the Board's efforts to expedite the process of updating the Tier 2 reporting requirements by requesting comment based on the exposure draft. However, the IASB may make changes to the concepts and principles in the underlying exposure draft upon issuing the final standard. Should this happen, we believe that the AASB should re-expose for comment the disclosures included in the final standard.

Executive Summary

We broadly agree with the reduced disclosures proposed by ED 222 for entities applying Tier 2. Please refer to Appendix 1 of this letter for a comment on paragraph 125(b).

We would be pleased to discuss our comments with members of the AASB or its staff. If you wish to do so, please contact me on (02) 9335 7630, or Michael Voogt on (02) 9455 9744.

Yours sincerely

Martin McGrath
Partner In Charge, Department of Professional
Practice

Appendix 1 – AASB Exposure Draft ED 222 – Revenue from Contracts with Customers

Whether you agree with the AASB disclosure proposals regarding paragraphs 62 and 104-129 of ED 222 in relation to Tier 2 entities as set out in the Proposed Reduced Disclosure Requirements section.

Paragraph 125(b) relates to disclosure of why methods used to recognise revenue are a faithful depiction of the transfer of goods and services. We believe that every entity would be required to make this assessment in determining their method for recognising revenue (paragraph 125(a)) for the following reasons:

- this information would be readily available and entities would be required to make this assessment in determining their revenue recognition method
- we consider that the information would be an important aide in understanding the methods used to recognise revenue
- overall we consider the cost of disclosing this information would be minimal and when considering the ‘user need’ and ‘cost-benefit’ principles the requirements of paragraph 125(b) should be retained.