

24 October 2005

Mr David Boymal 
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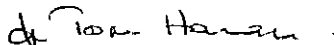
Dear David

**ED 141 Proposed Amendments to AASB 127
'Consolidated and Separate Financial Statements'**

The Group of 100 (G100) submission to the IASB is attached.

The G100 believes that, notwithstanding its views on the IASB proposals, the amendments made to IAS 27 by the IASB should be adopted for application in Australia. We believe failure to adopt changes made by the IASB puts at risk the benefits flowing from implementing the FRC's strategic directive and would not be in the best interests of the Australian economy.

Yours sincerely


Tom Honan
National President

Enc:



24 October 2005

Mr Alan Teixeira
Senior Project Manager
IASB
30 Cannon Street
London EC4M GXH
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comment/letters@iasb.org

Dear Mr Teixeira

**Exposure Draft IAS 27 'Consolidated and Separate
Financial Statement'**

The Group of 100 (G100) is an organisation representing the interests of Chief Financial Officers of Australia's largest business enterprises. The G100 is pleased to provide comments on IAS 27.

Q1 Proposed change is that changes in ownership interest that do not result in a loss of control are transactions with equity holders in that capacity. As a result no gain or loss is recognised in profit and loss.

The G100 disagrees with the proposal as we consider the transaction should be viewed from the perspective of the controlling group of shareholders. We do not agree with the application of the entity view in a piecemeal fashion. However, if the proposed approach is adopted it should also apply in respect of other IFRSs and, in this case, disclosure of the parent entity component of amounts would provide information that preparers and users are familiar with.

Q2 Proposed change is that on loss of control any remaining equity should be re-measured to fair value at that date with the gain/loss on re-measurement included in gain/loss arising from loss of control.

The G100 does not support this approach particularly where the entity still holds a significant interest, for example, where the investee is subject to joint control or is an associate.

Q3 Proposal that changes in parent interest that does not give use to a loss of control is an equity transaction with equity holders. The method proposed could result in 'gaming' to achieve a loss of control outcome. Proposals contain indicators to avoid this problem.

The G100 agrees with the indicators proposed to determine whether a multiple arrangement resulting in loss of control should be treated as a single arrangement.

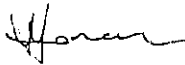
Q4 *Proposals that losses applicable to non-controlling/minority interest are allocated to the non-controlling interest even where it is negative.*

From the perspective of the controlling group of shareholders the loss allocation ceases once minority interest is zero. However, the G100 agrees that the proposals are consistent with the application of the entity concept.

Q5 *Amended requirements should apply retrospectively except in limited circumstances.*

The G100 supports the relief from retrospectivity on the grounds that it would be of impractical to require otherwise.

Yours sincerely



Tom Honan
National President

c.c. Mr D Boymal, Chairman AASB