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Mr David Boymal   
Chairman  
Australian Accounting Standards Board  
PO Box 204  
COLLINS STREET WEST VIC 8007

24 April 2006  
Our ref: DR:MP

Dear David

**Re: ED 145 Operating Segments**

Deloitte Australia welcomes the opportunity to comment on the exposure draft ED 145 *Operating Segments* ('ED 145').

Overall, we do not support the proposed exposure draft as we have not seen any compelling reason for the changes at this point in time. The IASB has proposed the amendments to IAS 14 *Segment Reporting* as part of its convergence project with US GAAP. In this respect, although we support the convergence project, IAS 14 is purely a disclosure standard and does not affect reconciliations between IFRS and US GAAP and therefore we do not see this as a project that needs to be dealt with at this time. We do not believe enough independent research has been completed which justifies the move to the US GAAP approach.

If the IASB were to progress with the management approach as outlined in the exposure draft we believe the measurement of reported amounts should be based on IFRS accounting policies to ensure comparability between segments and between entities. Consistent with IAS 14 we believe items such as segments profits and assets should be defined rather than relying on the internal reporting measures and that certain minimum items should be disclosed otherwise considerable inconsistencies may result between entities which would only detract from the usefulness of the financial information.

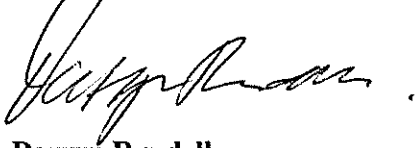
Due to the later IASB submission deadline for the discussion paper, the global firm of Deloitte Touche Tohmatsu has not finalised its views in relation to the matters raised. Furthermore, in this letter we have highlighted issues and concerns in the Australian context that may not have the same degree of relevance internationally or which may not be considered of sufficient significance to warrant separate comment by the global firm of Deloitte in its submission. Therefore, the views presented in this document should be read in this context and may not necessarily represent the view of the global firm of Deloitte.

Member of  
Deloitte Touche Tohmatsu

Our responses to the AASB specific questions raised in the Exposure Draft are outlined below.

If you have any questions concerning our comments, please contact Darryn Rundell on (03) 9208 7916.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Darryn Rundell', with a stylized flourish at the end.

**Darryn Rundell**  
Partner

## MATTERS FOR SPECIFIC COMMENT

***Question 1: Whether the proposed scope is appropriate, whether the existing scope of AASB 114 should be retained or whether an alternative scope is more appropriate?***

We believe that the scope of the Standard should be consistent with that determined by the IASB. We see no reason within the Australian regulatory regime that would justify continuing to require this disclosure for all reporting entities. In addition, we see no reason why Australian companies should potentially disadvantage themselves by providing more detailed information than is required to be provided by their international counterparts.

We support the scope exclusion with respect to not-for-profit entities from the scope of the proposed converged Standard. The IASB's agenda is focussed on major corporate reporting entities, and the deliberations of the IASB in the development of IFRS may not have fully explored the impact of the requirements of IFRS on not-for-profit entities.

However, with respect to the proposed extension of the scope by the IASB we do not believe that this is necessary until the definition of public accountability in the SME project has been concluded upon.

***Question 2: Whether segment reporting requirements based on the proposals would be appropriate to apply to not-for-profit entities in the (i) public sector; (ii) private sector? The AASB is particularly interested in learning of practical impediments to adopting an approach in respect of not-for-profit entities.***

We are not aware of any desire for additional disclosures by not-for-profit entities by users of financial statements. Not-for-profit entities by their definition are not primarily focused on the generation of profit. Therefore internal reporting may follow a very different reporting structure with less focus on financial information for which ED 145 is proposing disclosure. It is unlikely to be cost effective to require such entities to collate information in these respects.

***Question 3: Any regulatory issues or other issues arising in the Australian environment that may affect the implementation of the proposals?***

We are not aware of any other Australian issues that would affect the implementation of the proposals.

***Question 4: Whether the proposals are in the best interests of the Australian economy?***

We believe that the adoption of IFRS as converged Australian Standards will improve the ability of Australian entities to compete for funds in global capital markets. Accordingly, we believe that there must be no change made by the AASB to the IFRS when issuing the AASB equivalent, other than any amendments applicable to not-for-profit and public-sector entities that are considered absolutely necessary.