

Santos Ltd
ABN 80 007 550 923
Santos House
91 King William Street
Adelaide SA 5000
GPO Box 2455 Adelaide SA 5001
Telephone: (08) 8218 5231
International: +61 8 8218 5231
Facsimile: (08) 8218 5201

ED 148 sub 6

Santos

15 June 2006

The Chairman
Australian Accounting Standards Board
PO Box 204
Collins St West
VICTORIA 8007

Invitation to Comment on ED148 "Proposed Amendments to AASB 101 *Presentation of Financial Statements: A Revised Presentation*"

Santos is pleased to provide comment on ED 148 "Proposed Amendments to AASB 101 *Presentation of Financial Statements: A Revised Presentation*".

Of particular concern to Santos is the potential impact that the proposed adoption of the revised international definition of "general purpose financial statements" will have. The scope of a "regulatory filing" is significantly greater than the previous wording of "annual report or prospectus" which typically referred to listed companies preparing financial reports for equity holders. Regulatory filings in Australia are not limited to only listed companies. Therefore the definition of general purpose financial reports under ED 148 would encompass regulatory filings for large proprietary companies and potentially foreign registered companies. Currently these entities prepare special purpose financial reports as there are no users of these financial reports. The time and effort to prepare general purpose financial reports for these entities would be significant, with no benefit to users.

Santos recognises that the IASB is working on a project to develop accounting standards for Small and Medium-sized Entities. The scope of this project excludes entities with public accountability, and in doing so specifically refers to an entity who has 'filed, or it is in the process of filing its financial statements with a securities commission or other regulatory organisation for the purpose of issuing any class of instruments in a public market'. This definition of regulatory filing is much narrower than that proposed for a general purpose financial report.

Santos recommends that the definition of a "general purpose financial report" is amended as follows:

"General purpose financial statements include those that are presented separately or within other public documents such as a regulatory filing for the purpose of issuing any class of instruments in a public market, or report to shareholders".

Otherwise, in order to avoid the preparation of general purpose financial reports for large proprietary companies it would be necessary for the Corporations Act to be amended such that these companies' financial reports were no longer required to be filed.

Our responses to the specific questions in the invitation to comment are as follows:

Questions 1 and 2 - A complete set of financial Statements

1. We agree with the proposed changes to the titles of the financial statements. However, we do not agree that entities should be allowed to use titles for the statements other than those prescribed in the Standard, as this may cause confusion for users of financial statements as to what the different names infer.
2. We agree that there is benefit to users of financial statements in including the statement of financial position at the beginning of the period, and therefore agree that three statements of financial position should be included in the financial statements.

Questions 3-5 - Reporting owner changes in equity and recognised income and expenses

3. We do not agree that non-owner changes in equity should be referred to as 'recognised income and expense', as the terms income and expense to a user of financial statements generally denotes items affecting the income statement. We would prefer that non-owner changes in equity are referred to as such as we believe it is clearer for users. As previously mentioned we do not agree that entities should be able to use terms other than those prescribed in the Standard.
4. We agree that it is beneficial for non-owner changes in equity to be shown separately from owner changes in equity, however we believe that this could still be achieved in a single statement of changes in equity.
5. We agree that entities should be permitted to present components of recognised income and expense in two statements, as to combine the statements in one detracts from the bottom line profit or loss.

Questions 6 and 7 - Other recognised income and expense – reclassification adjustments and related tax effects

6. We agree with the disclosure of reclassification adjustments relating to each component of other recognised income and expense.
7. We agree with the disclosure of related tax effects relating to each component of other recognised income and expense.

Question 8 - Presentation of per-share measures

8. We agree that earnings per share should be the only per-share measure included on the face of the income statement.

AASB Specific Matters for Comment

- (a) We agree with the AASB's preliminary views on the Australian text to be retained in the revised AASB 101.
- (b) We do not agree with the AASB's preliminary view to adopt the definition of "general purpose financial report" as included in the IASB ED. Please refer to comments in the opening paragraphs of this letter.
- (c)–(e) No comment is provided on matters relating to public sector entities or not-for-profit entities.
- (f) No further comment is provided from that included in the opening paragraphs of this letter.

If you have any questions concerning our comments, please do not hesitate to contact me on 08 8218 5231.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Peter Wasow', with a long horizontal flourish extending to the right.

Peter Wasow
Chief Financial Officer

Copy to:
IAS 1 Amendments
International Accounting Standards Board
30 Cannon Street
London EC4M 6XH
United Kingdom