

15 June 2006

The Chairman
Australian Accounting Standards Board
PO Box 204
Collins St West
Melbourne Vic 8007
Email: standard@asb.com.au

Dear Sir,

Comments on Exposure Draft ED 148

Thank you for the opportunity to comment on ED 148: Proposed Amendments to AASB 101 *Presentation of Financial Statements: A Revised Presentation*, which is the Australian equivalent to IAS 1 Presentation of Financial Statements, for which an effective date is not yet specified.

Overall, while Westpac is supportive of many of the suggested changes, we do not support some of the more significant proposals.

Our primary concerns are that:

- the changes to the definition of a general purpose financial report will require entities that file financial information with a regulator and have no users dependent on financial reports for information to prepare a general purpose financial report, this is an inappropriate outcome and this issue needs to be resolved in a manner that preserves the status quo so that the change does not create undue burden;
- the proposed name changes for the primary statements are unnecessary and confusing; and
- the inclusion of a second year of comparative balance sheet information in financial reports is unnecessary.

Impacts of the proposed definition of a general purpose financial report

Our understanding of the impact of the revised definition of a general purpose financial report contained in paragraph 7 of ED 148 is that any entity which is required to file financial information with a regulator will be required to produce a full general purpose financial report.

Westpac supports the concept of applying one set of accounting standards for all entities producing financial reports and acknowledges that the implementation of Australian Equivalents to International Financial Reporting Standards (“A-IFRS”) has generally improved the quality of Australian financial reporting. However, International Financial Reporting Standards (“IFRS”) are developed primarily for large public organisations. Accordingly, it is vital that the long established and well thought out reporting concessions available for small non-publicly accountable Australian entities are not lost.

As a minimum we believe that an Australian exception should be included in paragraph 7 so that the current requirements dictating when a general purpose financial report is required survive for non-reporting entities.

Changes to the titles ‘balance sheet’ and ‘income statement’

Westpac is strongly of the view that the titles ‘balance sheet’ and ‘income statement’ should be retained. In Australia we have already experimented with changing the names of these statements to statement of financial position and statement of financial performance, with the effect that the only place the revised names were used was in the financial report. The changes had no impact on the common language use of the terms balance sheet and P&L (or income statement) and only served to increase confusion for non-accountants.

The reintroduction of the terms balance sheet and income statement as a result of the adoption of A-IFRS received enthusiastic support from most preparers and users of financial information, indicating that the term “balance sheet” has become part of everyday language. Although the proposed names may describe more precisely the functions of the statements, they are too cumbersome for everyday use. We therefore believe that the proposed changes are inconsistent with the Board’s desire to use plain language in the standards.

If implemented, these title changes will bring little or no benefits and are likely to lead to confusion for users who are from a non-accounting background. We support the views contained in paragraph AV8 to AV11 of ED 148.

Disclosure of additional balance sheet comparative information

ED 148 proposes the inclusion of a second year of comparative information for the balance sheet and all related notes. Our view is that this change is both unnecessary and will not improve the quality of financial reporting. Additional years of comparative information can easily be obtained by users through looking at prior period financial reports. Additionally, for users seeking to prepare a long term trend analysis, balance sheets for more than three years and income statements for more than two years are generally required.

We also note that as an Australian company, Westpac is required to present balance sheets at both the consolidated and parent company levels, each with comparatives. The addition of a second comparative year for the balance sheet and all related notes will result in the presentation of a six column balance sheet and six columns of data for each balance sheet note, which is a significant volume of data for users to deal with. In summary, we believe the volume of information required to be presented under this proposal is excessive as:

- users wanting more information can readily obtain it from previous period reports;
- six columns of figures will both make our financial statements and notes difficult to read due to information overload and add many unnecessary pages of information to our financial reports (information which would have been published twice previously);
- it does not improve harmonisation with current US requirements - since as a US listed company we are currently required to provide an additional year of comparative information for the income statement and equity related notes rather than the balance sheet; and
- we believe that this change will bring little or no benefit to users of financial information.

Westpac does not have any comments on the other specific matters raised for comment in ED 148.

If you would like to discuss these suggestions further, please do not hesitate to contact me.

Yours faithfully

Bill Starr
Group Controller