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The Project Manager
International Accounting Standards Board (IASB)
30 Cannon Street
LONDON EC4M 6XH
United Kingdom

Via 'Open to Comment' page: www.iasb.org

Dear Sir / Madam

**Exposure Draft of Proposed Amendments to IFRS 2 *Share-based Payment* and IFRIC 11
*IFRS 2 – Group and Treasury Share Transactions – Group Cash-settled Share-based
Payment Transactions***

Thank you for the opportunity to comment on the Exposure Draft of Proposed Amendments to IFRS 2 *Share-based Payment* and IFRIC 11 *IFRS 2 – Group and Treasury Share Transactions – Group Cash-settled Share-based Payment Transactions*. CPA Australia is generally supportive of the proposals in this exposure draft, but some proposed requirements and amendments are of concern.

CPA Australia's comments have been prepared in consultation with members through its Asia Pacific Financial Reporting Advisory Group (APFRAG) which is a Board Committee representing a regional perspective from South-East Asia, China and Oceania, and its Financial Reporting and Governance Centre of Excellence. The comments are provided as follows:

Comments on this exposure draft

CPA Australia agrees with the proposed amendment to account for cash-settled share-based payment arrangements as described in the exposure draft including the retrospective application of the proposed amendments. However, the proposed retrospective application requirements (with reference to proposed draft paragraphs 12A and 13 to IFRIC 11) do not clarify whether the transitional provisions:

- a. apply to liabilities arising from share-based payment transactions owing by the parent to the employees of its subsidiaries outstanding on the effective date of the revision, or
- b. extend to all such arrangements entered into from the effective date of IFRS 2.

To promote consistent application of the transitional provisions, CPA Australia stresses that further clarification of the proposed retrospective application requirements is necessary.

Draft paragraph 12A of IFRIC 11 permits earlier application of draft paragraphs 11A and 11B. This is additional to the existing paragraph 12 which also permits earlier application of the interpretation. CPA Australia is of the view that the proposed draft paragraph 12A of IFRIC 11 may be confusing if inserted into IFRIC 11 because the two paragraphs may appear as two different requirements. Accordingly, we strongly suggest that the requirements of paragraph 12A be incorporated into the existing paragraph 12. Our suggested wording for the proposed paragraph 12 of IFRIC 11 is:

"Except for paragraphs 11A and 11B, an entity shall apply this interpretation for annual reporting periods beginning on or after 1 March 2007. Paragraphs 11A and 11B of this interpretation shall apply for annual periods beginning on or after (date to be inserted). Earlier application is permitted. If ..."

If you have any queries on our comments, please contact Dr Mark Shying, CPA Australia's Financial Reporting and Governance Senior Policy Adviser via email at mark.shying@cpaaustralia.com.au or John Ngiam, CPA Australia's Financial Reporting and Governance Policy Adviser via email at john.ngiam@cpaaustralia.com.au.

Yours sincerely

A handwritten signature in black ink, appearing to be 'G Rankin', written in a cursive style.

Geoff Rankin FCPA
Chief Executive Officer

cc D Boymal
 M Shying
 D Pratt
 J Ngiam

Specific Matters for Comment
Requested by the Australian Accounting Standards Board

CPA Australia also provides comments on specific matters requested by the AASB as follows:

- a) Any regulatory issues or other issues arising in the Australian environment that may affect the implementation of the proposals, particularly any issues relating to:**
- (i) not-for-profit entities;**
 - (ii) public sector entities**

CPA Australia does not envisage that there will be significant issues arising with the implementation of these proposals in Australia.

- b) Whether, overall, the proposals would result in financial reports that would be useful to users**

The proposals are aimed at clarification of a standard, hence they shall be beneficial to preparers and users of financial statements.

- c) Whether the proposals are in the best interests of the Australian economy**

CPA Australia does not envisage any significant impact on the Australian economy.