24 August 2009

Mr Kevin Stevenson
Chairman
Australian Accounting Standards Board
PO Box 204
Collins Street West VIC 8007

Email: standard@aasb.gov.au

Dear Kevin

**Comments on Exposure Draft ED 184 ED/2009/7 Financial Instruments: Classification and Measurement**

Thank you for the opportunity to comment on the Australian Accounting Standards Board Exposure Draft ED 184 ED/2009/7 *Financial Instruments: Classification and Measurement*. CPA Australia, The Institute of Chartered Accountants (The Institute) and the National Institute of Accountants (the Joint Accounting Bodies) have considered the above [proposed] Standard and our comments follow.

The Joint Accounting Bodies represent over 180,000 professional accountants in Australia. Our members work in diverse roles across public practice, commerce, industry, government, academia throughout Australia and internationally.

Our response to matters on which specific comment is requested is included in the attached Appendix. Also attached is our submission to the International Accounting Standards Board. The Joint Accounting Bodies note that the [proposed] Standard's option to permit entities to present fair value changes of some equity instruments in other comprehensive income may have implications for the operation of the package of tax reforms dealing with the taxation of financial arrangements. We would strongly encourage the AASB to keep the relevant Departments within the Australian Government fully informed of the relevant proposals.

If you have any questions regarding this submission, please do not hesitate to contact either Mark Shying (CPA Australia) at mark.shying@cpaaustralia.com.au, Kerry Hicks (The Institute) at kerry.hicks@charteredaccountants.com.au or Tom Ravlic (NIA) at tom.ravlic@nia.org.au.

Yours sincerely

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| Geoff Rankin | Graham Meyer | Andrew Conway |
| **Chief Executive Officer** | **Chief Executive Officer** | **Chief Executive Officer** |
| **CPA Australia Ltd** | **Institute of Chartered Accountants** | **National Institute of Accountants** |

**(a) Whether there are 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; and**
**(ii) public sector entities.**

Our concerns with the proposed standard generally and in particular with the robustness of the qualifying criteria for the amortised category apply equally to not-for-profit and public sector entities.

**(b) Whether, overall, the proposals would result in financial statements that would be useful to users; and**

We have expressed our concern that the proposals as currently drafted will not result in financial statements that will be useful to users – in particular, the requirements to fair value financial assets that are unquoted equity instruments and related derivatives whose fair value cannot be reliably determined and the prohibition on reclassification between fair value and amortised cost categories under any circumstances.

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

The proposals as currently drafted are not in the best interests of the Australian economy.

Due to the decisions of the International Accounting Standards Board (IASB) and the Financial Accounting Standards Board (FASB) to not commit to a joint project, we are concerned that we will not see the emergence of a more permanent global solution through a principles-based financial instrument standard. Our cover letter is strong in our encouragement of the IASB to not proceed. Instead, we suggest the IASB and FASB agree to jointly undertake a project to deliver a principles-based standard. If this is not feasible, then we think the IASB should not finalise any amendments to the financial instruments classification and measurement requirements ahead of finalising other aspects of the improvements to IAS 39.

We also draw the AASB's attention to the use of Other Comprehensive Income (OCI) in the proposed standard. Mandating the crediting of dividend income to OCI may lead to difficulties in interpreting S 254T of the Corporations Act, which dividends may only be paid out of profits. The question arises as to whether OCI is part of "profits" for the purposes of this section. The AASB should encourage the government to move to a solvency basis in determining dividend payments to remove such uncertainty.

24 August 2009

Sir David Tweedie
Chairman
International Accounting Standards Board
30 Cannon Street
LONDON EC4M 6XH
UNITED KINGDOM

Email: CommentLetters@iasb.org

Dear Sir David

**Comments on ED 2009/7 Financial Instruments: Classification and Measurement**

Thank you for the opportunity to comment on the IASB Exposure Draft 2009/7 *Financial Instruments: Classification and Measurement*. CPA Australia, The Institute of Chartered Accountants (The Institute) and the National Institute of Accountants (the Joint Accounting Bodies) have considered the above [proposed] Standard and our comments follow.

The Joint Accounting Bodies represent over 180,000 professional accountants in Australia. Our members work in diverse roles across public practice, commerce, industry, government, academia throughout Australia and internationally.

The Joint Accounting Bodies support the [proposed] Standard's continuation of the mixed measurement model and the simplification of the current approach to classification of financial assets and financial liabilities. The two measurement categories "amortised cost" and "fair value" are appropriate and will result in information that has improved usefulness for users. However, we have some concerns with the detailed proposals. These concerns are expanded upon in our detailed answers to questions attached.

The Joint Accounting Bodies' main concerns with the [proposed] Standard's requirements follow.

- The qualifying criteria for the amortised cost category are not sufficiently robust. The two conditions to be met before a financial instrument may be measured at amortised cost should be rephrased as a principle with guidance, rather than stated as conditions with rules as at present. The current proposals also lack operational clarity. How the basic loan features criteria apply to trade receivables and payables is one example.
- We disagree with the requirement to fair value financial assets that are unquoted equity instruments and related derivatives whose fair value cannot be reliably determined. We do not think the requirement will result in information that is useful for decision making.
- We disagree with the proposal not to bifurcate from a host financial instrument that has basic loan features, an embedded derivative that does not. The current proposals will enable structuring opportunities to change the categorisation of the financial instrument.
- The prohibition of reclassification between the fair value and amortised cost categories under any circumstances is unduly harsh. We do not think that requiring the entity to report information based on a superseded business model will improve the decision usefulness of the reported information.

Adding to our difficulty is the absence of a comprehensive shared vision for the accounting for financial instruments from the International Accounting Standards Board (IASB) and the Financial Accounting Standards Board (FASB). Instead, we see the IASB exposing this set of proposals, while at the same time the FASB is publishing tentative decisions that differ in a number of significant respects. The Joint Accounting Bodies strongly encourage the IASB and the FASB to use the opportunity presented by the global financial crisis to deliver a principles-based financial instruments standard that is relatively less complicated but still satisfies the needs of preparers and their auditors and the needs of users of financial statements.

One approach might be to state the principle that all financial instruments should be measured at their fair value, and then specify groups of justifiable exceptions when amortised cost better reflects the economic substance of the transaction. We would like to see exceptions to the principle of fair value for financial instruments that meet specified qualifying conditions to be measured at amortised cost, and unquoted equity instruments and related derivatives whose fair value cannot be reliably determined. The decisions of the IASB and FASB to not commit to a joint project are not making full use of this opportunity – a joint project would seem more capable of delivering a more permanent global solution.

We suggest the IASB and FASB agree to undertake jointly a project to deliver a principles-based standard.[1] If this is not feasible, then, in our view, the IASB should not finalise any amendments to the financial instruments classification and measurement ahead of finalising other aspects of the improvements to IAS 39 (i.e., the impairment of financial assets and hedge accounting) and fair value measurement (including the measurement of credit risk in liability fair value measurement). We note that the FASB expects to issue one ED that addresses the measurement, classification, and impairment of financial instruments, as well as hedge accounting, by the end of 2009 or early 2010. The piecemeal manner in which the project is being undertaken results in constituents having to comment on sections of the project without being able to see the whole picture of how the proposals interact.

Notwithstanding our comments above, our response to matters on which specific comment is requested are included in the attached Appendix.

If you have any questions regarding this submission, please do not hesitate to contact either Mark Shying (CPA Australia) at mark.shying@cpaaustralia.com.au, Kerry Hicks (The Institute) at kerry.hicks@charteredaccountants.com.au or Tom Ravlic (NIA) at tom.ravlic@nia.org.au.

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[1] We acknowledge that adoption of our suggestion would affect the IASB's proposal to issue the remaining financial instruments: recognition and measurement EDs in the remaining months of 2009. It would also affect the IASB's proposal that this ED's proposals be available for early adoption for the 31 annual reporting period ending December 2009.

**Question 1**
**Does amortised cost provide decision-useful information for a financial asset or financial liability that has basic loan features and is managed on a contractual yield basis? If not, why?**

The Joint Accounting Bodies agree with the [proposed] Standard. The amortised cost of a financial instrument using the effective interest rate method can provide users of general purpose financial reports with useful information, when the instrument produces predictable returns based on contractual terms and is managed on the basis of the contractual cash flows generated, if it is held rather than sold or transferred.

However, we encourage the IASB to spend more time on the development of a principles-based standard, rather than proceeding with the draft standard as proposed. One approach might be to state the principle that all financial instruments should be measured at their fair value, and then specify groups of justifiable exceptions when amortised cost better reflects the economic substance of the transaction. We would like to see exceptions to the principle of fair value for financial instruments that meet specified qualifying conditions to be measured at amortised cost, and unquoted equity instruments and related derivatives whose fair value cannot be reliably determined.

**Question 2**
**Do you believe that the exposure draft proposes sufficient, operational guidance on the application of whether an instrument has 'basic loan features' and 'is managed on a contractual yield basis'? If not, why? What additional guidance would you propose and why?**

The Joint Accounting Bodies have some concerns with the robustness of the qualifying criteria "basic loan features" and "managed on a contractual yield basis".

*Basic loan features – principles versus rules*

Paragraphs 3 to 5 of the [proposed] standard contain instructions for classifying financial instruments, but do not articulate a principle. At first glance, these paragraphs appear to be a simplification, but they have to be read in conjunction with Application Guidance paragraphs B1 to B13.

The Application Guidance is therefore an integral part of the [proposed] Standard. The first and second sentences of Application Guidance paragraph B1 state "Basic loan features are contractual terms that give rise on specified dates to cash flows that are payments of principal and interest on the principal outstanding...and interest is consideration for the time value of money and credit risk associated with the principal amount outstanding during a particular period of time.". These words appear to be an attempt to articulate a principle.

In contrast, the balance of paragraph B1 and paragraphs B2 to B8 place rules around the principle – some that seem to extend the principle, others that seem to constrain it. For example, the third sentence of paragraph B1 states contractual terms that change the timing or amount of payments of principal or interest on the principal outstanding are basic loan features when they protect the creditor or debtor. We think this is an example of using a rule to extend the principle articulated in the earlier part of paragraph B1. The Joint Accounting Bodies acknowledge that the application of the amortisation cost category aligns well with fixed interest instruments and fixed terms. Further, we are not opposed to extending its application to a financial instrument whose cash flows are determinable rather than fixed, when the fair value of the financial instrument is unchanged.

*Basic loan features – Operational clarity*

The Joint Accounting Bodies are not clear how the basic loan features criteria apply to trade receivables and payables. We do not think that the parties to such contractual terms, typically think of those contractual terms as giving rise to cash flows that are payments of principal and interest on the principal outstanding.

Similarly, it is not clear to us whether the application of the basic loan features criteria result in the inclusion or exclusion of a financial instrument with a combination of fixed and variable returns, whereby in the first year of the financial instrument is zero (an introductory special offer) and thereafter positive. Further, the [proposed] Standard states that variable interest that, throughout the life of an instrument, is referenced to a singe quoted or observable rate would be a basic loan feature. It is unclear whether interest that is referenced to two or more quoted or observable rates would be a basic loan feature.

The Joint Accounting Bodies understand that interest can be consideration for factors other than the time value of money and the credit risk of the issuer of the instrument. For example, interest might be consideration for liquidity risk. The Basis for Conclusions to the [proposed] Standard paragraph BC20 states "The Board concluded that if a financial instrument contains contractual cash flows that are not principal or interest on the principal outstanding then a valuation overlay to contractual cash flows (such as fair value) is required to ensure that the reported financial information provides useful information.". We think paragraph BC20 would require the parties to the financial instrument to examine the interest component for other consideration factors and their existence would cause the financial instrument to be measured at fair value through profit or loss. We question whether the examination is operational – would all parties have knowledge about all the factors that are reflected in the interest on the principal?

*Structured investment vehicles*

The [proposed] Standard does not utilise the principle of "looking through to the underlying assets" of a structured investment vehicle. We are concerned that a consequence of not applying this principle is an opportunity for structuring. For example, application of the [proposed] Standard to a special purpose entity (SPE) would result in the most junior of the subordinate tranches that provides credit protection to all other tranches in a SPE not having basic loan features. However, if the junior notes were placed with a second SPE, and the second SPE issued only one tranche of notes to investors, the issued notes could be structured to have basic loan features and qualify for measurement at amortized cost. We acknowledge that looking through to the underlying assets presents difficulties, but, we question whether the outcome of applying the [proposed] Standard results in information that is useful to users.

Paragraph B8 states that any tranche that provides credit protection to other tranches in any situation would not have basic loan features. The Joint Accounting Bodies think that there may be situations when a subordinate tranche that provides credit protection only to the most senior tranche should qualify as having basic loan features. We think such a tranche is relatively senior and economically is less exposed to credit losses than a proportionate interest in the securitised pool of assets.

*Managed on a contractual yield basis – the principle and operational clarity*

Paragraph B9 states this criterion is met only when the financial instrument is managed and its performance is evaluated based on contractual cash flows that are generated when it is held or issued (including any adjustment or consideration for prepayment provisions). We think paragraph B9 attempts to articulate the business model principle alluded to in the Basis for Conclusions. However, the principle does not appear to countenance that an entity's business model could be the holding of a portfolio of instruments for more than one purpose, or for a purpose that potentially involves holding or selling instruments in response to changing circumstances (as described in paragraph BC33).

Paragraph BC32 notes the entity's business model is a matter of fact. The Joint Accounting Bodies question this. We understand some entities employ a business model that is "collect cash flows arising from the instruments contractual terms/sell if price is right". Some of the IASB webcast discussions have identified the possible need for guidance when that is the business model. The webcasts also said that a business model that includes "sell if price is right" raises doubts about the appropriateness of categorising as amortised cost, financial instruments subject to that business model.

We do not think proceeding with a principle that is likely to require significant guidance a good starting point. Accordingly, we would encourage the IASB to spend more time on its development of the principle, rather than proceeding with the approach as proposed.

*Reclassification*

The Joint Accounting Bodies note that paragraph B11 prohibits the reclassification of a financial instrument between the fair value and amortised categories under any circumstances.

The paragraph B11 prohibition does not seem consistent with making it easier for users of financial statements to understand the financial reporting for financial instruments and improving the decision-usefulness of the reported information. Some of the IASB webcast discussions have noted that if the entity does business in a way that is completely different from the business model, nonsensical results will be reported. We think the same is true of prohibiting reclassification at the time of a change in business model. If management on a contractual yield basis was a function of management intention, we would understand the prohibition, as an appropriate response to concerns about income smoothing. However, the [proposed] Standard and its Basis for Conclusions clearly articulate that it is the business model that is looked to, not management intention. Accordingly, we find the paragraph B11 prohibition counter intuitive. We encourage the IASB to allow reclassification and provide suitable guidance on what would constitute a change in business model.

*Instruments acquired at a discount*

Paragraph BC13(b) states a financial asset that is acquired at a discount that reflects incurred credit losses is not managed on a contractual yield basis. We do not understand the rationale behind this rule. Supposedly, paragraph BC29 explains the paragraph B13(b) exclusion. However, the explanation in paragraph BC29 is founded on the financial asset not having basic loan features (as opposed to not being managed on a contractual yield basis). Accordingly, the rationale for the paragraph B13(b) exclusion is not clear. Further, paragraph BC29 states "...An investor acquiring an instrument at such a discount believes that the actual losses will be less than the losses that are reflected in the purchase price. Thus, that instrument creates exposure to significant variability in actual cash flows and such variability is not interest.". The [proposed] Standard does not discuss why this should be regarded differently from the variability that arises when an entity originates or purchases loans with a credit spread that is equal to or exceeds the credit losses that the entity expects to incur or how this incurrence of credit losses changes the nature of a financial instrument's features. Operationally, we do not think this useful.

*Unit of account*

The Joint Accounting Bodies consider that the piecemeal approach to the replacement of the current IAS 39 has occurred in the absence of adequate consideration of the 'unit of account'. We would think that there should be consistency in the unit of account decisions in the derecognition project and the requirements of the [proposed] Standard.

**Question 3**
**Do you believe that other conditions would be more appropriate to identify which financial assets or financial liabilities should be measured at amortised cost? If so,**

(a) **what alternative conditions would you propose? Why are those conditions more appropriate?**

(b) **if additional financial assets or financial liabilities would be measured at amortised cost using those conditions, what are those additional financial assets or financial liabilities? Why does measurement at amortised cost result in information that is more decision-useful than measurement at fair value?**

(c) **if financial assets or financial liabilities that the exposure draft would measure at amortised cost do not meet your proposed conditions, do you think that those financial assets or financial liabilities should be measured at fair value? If not, what measurement attribute is appropriate and why?**

Please see our response to Questions 2 and 4.

**Question 4**

(a) **Do you agree that the embedded derivative requirements for a hybrid contract with a financial host should be eliminated? If not, please describe any alternative proposal and explain how it simplifies the accounting requirements and how it would improve the decision-usefulness of information about hybrid contracts.**

The Joint Accounting Bodies acknowledge that it is highly likely that the [proposed] Standard will simplify the accounting for hybrid contracts and welcome that simplification. However, we still have concerns with the proposals. The [proposed] Standard enables structuring opportunities to change the categorisation of a financial instrument that has basic loan features, by embedding a derivative without such features. The changed categorisation will occur even when the fair value of the embedded derivative is expected to have a fair value close to zero throughout the life of the instrument. We suggest that in the situation described, bifurcation of the hybrid contract should be required – with the bifurcated embedded derivative categorised as fair value and the host financial instrument categorised as amortised cost.

If however the IASB were to adopt a presumption of fair value with specified exceptions as suggested in our answer to Question 1, opportunities for advantageous structuring may be reduced.

(b) **Do you agree with the proposed application of the proposed classification approach to contractually subordinated interests (i.e., tranches)? If not, what approach would you propose for such contractually subordinated interests? How is that approach consistent with the proposed classification approach? How would that approach simplify the accounting requirements and improve the decision-usefulness of information about contractually subordinated interests?**

Please see our response to Question 2.

**Question 5**
**Do you agree that entities should continue to be permitted to designate any financial asset or financial liability at fair value through profit or loss if such designation eliminates or significantly reduces an accounting mismatch? If not, why?**

Yes. The Joint Accounting Bodies agree that entities should continue to be permitted to designate any financial asset or financial liability at fair value through profit or loss if such designation eliminates or significantly reduces an accounting mismatch.

**Question 6**
**Should the fair value option be allowed under any other circumstances? If so, under what other circumstances should it be allowed and why?**

Yes. The Joint Accounting Bodies support the application of the fair value option to bifurcated embedded derivatives as described in our response to Question 4(a).

**Question 7**
**Do you agree that reclassification should be prohibited? If not, in what circumstances do you believe reclassification is appropriate and why do such reclassifications provide understandable and useful information to users of financial statements? How would you account for such reclassifications, and why?**

No. The Joint Accounting Bodies do not support the prohibition on reclassification.

Our response to Question 2 noted that we did not understand the rationale behind the absolute prohibition on the reclassification of a financial instrument between fair value and amortised cost. In our view, the prohibition does not make it easier for users of financial statements to understand the financial reporting for financial instruments or improve the decision-usefulness of the reported information.

If the management on a contract yield basis were a function of management intention, we would understand the prohibition as an appropriate response to concerns about income smoothing. However, the Basis for Conclusions of the [proposed] Standard clearly articulates that it is the business model that is looked to, not management intention (BC32 and 33). Accordingly, we find the prohibition counter intuitive. We encourage the IASB to allow reclassification and provide suitable guidance on what would constitute a change in business model.

**Question 8**
**Do you believe that more decision-useful information about investments in equity instruments (and derivatives on those equity instruments) results if all such investments are measured at fair value? If not, why?**

No. The Joint Accounting Bodies do not support the proposal. The reliability-based exemption from the requirements to measure all equity investments and derivatives that are linked to such equity instruments at fair value should be retained.

These proposals will result in much greater use of fair value numbers that are highly judgemental. This change seems to ignore any consideration of a cost/benefit analysis by the preparer. Without the exemption, the cost to the preparer of general purpose financial statements of estimating a reliable measure of fair value may exceed the benefits to the user of the fair value measure.

We also draw your attention to the potential impact of the removal of this exemption on auditors providing assurance on this information. Assurance providers will have to perform additional work to substantiate these values, with consequent cost to the client.

The Joint Accounting Bodies' thinking on this issue is based on our expectation that the fair value measurement of equity instruments that do not have a quoted market price in active market and the derivatives on such equity instruments is most likely to make use of Level 3 inputs as articulated in the [proposed] Standard *Fair Value Measurement*. In situations in which there is no market activity, we do not think that application of the [proposed] Standard *Fair Value Measurement* would allow the continued use of the initial cost of the equity instrument and all derivatives on the instrument as a valuation technique to measure fair value. If the IASB is of the view that the initial cost can be a measure of fair value, the Board should state this explicitly.

**Question 9**
**Are there circumstances in which the benefits of improved decision-usefulness do not outweigh the costs of providing this information? What are those circumstances and why? In such circumstances, what impairment test would you require and why?**

Please see our response to Question 8.

Where such unquoted equity instruments and derivatives that are linked to such equity instruments are measured at historic cost because their fair value is not capable of being reliably measured, the Joint Accounting Bodies support the continuation of the current IAS 39 impairment test .

**Question 10**
**Do you believe that presenting fair value changes (and dividends) for particular investments in equity instruments in other comprehensive income would improve financial reporting? If not, why?**

The IASB's performance reporting project is still at an early stage. The Discussion Paper *Preliminary Views on Financial Statement Presentation* changed its focus from performance reporting to financial statement presentation, partly due to the difficulties in defining performance. Consequently the DP did not address

- recognition or measurement requirements,
- which items must or may be presented in other comprehensive income (OCI) outside of profit or loss or net income or
- whether, when or how items of other comprehensive income must be reclassified to profit or loss or net income.

We consider that performance measurement, including the conceptual use of OCI, needs addressing as a matter of priority, as we do not support individual standards using the concept without a fundamental conceptual basis. Therefore this [proposed] standard is not the place for the IASB to be deciding such matters, certainly there is basis for extending the use of what is presented as OCI.

It appears that the use of OCI in this proposal is a trade off for removing volatility from the calculation of profit (i.e., fair value changes and impairment losses will never appear in profit and loss). Without clear articulation of the purpose of OCI, it is impossible to evaluate whether or not the proposal is an improvement in financial reporting. However, it seems counter intuitive to mandate that certain dividends, which are cash items, be shown in OCI. This proposal removes the nexus between the operating statement and the cash flow statement without any conceptual justification.

The current IAS 33 *Earnings per Share* requires an entity to report only earning per share based on the profit or loss attributable to ordinary equity holders and is not required to report other comprehensive income per share or total comprehensive income per share. The [proposed] Standard does not include changes to IAS 33. Were the IASB to proceed with these specific changes involving presenting dividend performance in OCI, IAS 33 would have to be amended to require the additional metrics.

**Question 11**
**Do you agree that an entity should be permitted to present in other comprehensive income changes in the fair value (and dividends) of any investment in equity instruments (other than those that are held for trading), only if it elects to do so at initial recognition? If not,**
**(a) how do you propose to identify those investments for which presentation in other comprehensive income is appropriate? Why?**
**(b) should entities present changes in fair value in other comprehensive income only in the periods in which the investments in equity instruments meet the proposed identification principle in (a)? Why?**

Were the IASB to proceed with the [proposed] Standard, the Joint Accounting Bodies agree that the election to be taken about presentation must be made on initial recognition.

**Question 12**
**Do you agree with the additional disclosure requirements proposed for entities that apply the proposed IFRS before its mandated effective date? If not, what would you propose instead and why?**

Yes. The Joint Accounting Bodies agree with the proposals to amend IFRS 7 *Financial Instruments: Disclosures* to require additional disclosures if an entity decides to adopt the [proposed] Standard before its mandated effective date.

However, because the additional disclosure requirements provide information that is useful to users, we suggest they should be made not only on early adoption of this [proposed] standard but also at transition to the new approach to accounting for financial instruments as a whole. Accordingly, we suggest the application of the addition disclosure requirements apply on adoption of the whole suite of new financial instruments standards as well as on early adoption.

**Question 13**
**Do you agree with applying the proposals retrospectively and the related proposed transition guidance? If not, why? What transition guidance would you propose instead and why?**

Yes. The Joint Accounting Bodies agree with the proposals.

**Question 14**
**Do you believe that this alternative approach provides more decision-useful information than measuring those financial assets at amortised cost, specifically:**
**(a) in the statement of financial position?**
**(b) in the statement of comprehensive income?**
**If so, why?**

No. The Joint Accounting Bodies do not believe that the alternative approach provides more decision-useful information.

**Question 15**
**Do you believe that either of the possible variants of the alternative approach provides more decision-useful information than the alternative approach and the approach proposed in the exposure draft? If so, which variant and why?**

No. The Joint Accounting Bodies do not believe that either of the possible variants of the alternative approach provides more decision-useful information.