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The Chairman  
Australian Accounting Standards Board  
PO Box 204  
Collins Street West Victoria 8007

31 January 2011

Dear Kevin

**Re: Tier 2 Supplements to ED 198, 202R, 204 and 206**

The following submission by Deloitte Australia provides comments on the following Tier 2 Supplements to:

- ED 198 “Revenue from Contracts with Customers”
- ED 202R “Leases”
- ED 204 “Deferred Tax: Recovery of Underlying Assets (proposed amendments to AASB 112)”
- ED 206 “Severe Hyperinflation (proposed amendment to AASB 1)”.

Rather than responding to each exposure draft and commenting on the individual questions raised, below we outlined our concerns with the current process for the evaluation of Tier 2 disclosures for the reduced disclosure regime (RDR). For several reasons, we believe it is too early to be providing comments regarding Tier 2 disclosures on proposed amendments to current standards. Tier 2 disclosures are derived from Tier 1 Australian Accounting Standards and whether they are maintained within RDR is dependent on ‘user need’ and ‘cost-benefit’ principles. We believe it is prudent to wait until such time as proposed recognition and measurement requirements are finalised by the IASB before the AASB develops proposals for Tier 2 disclosures. This will allow the analysis of user needs and cost-benefit analysis to be performed on the final recognition and measurement requirements and prevents the need for re-exposure when the finalisations of a standard sees significant changes in either the recognition, measurement or disclosure requirements.

Of the current exposure drafts on issue, this would have prevented the need for the supplement to ED 204 given AASB 2010-8 “Amendments to Australian Accounting Standard – Deferred Tax Recovery of Underlying Assets” has already been issued following finalisation of ED 204 and none of the proposed disclosures were retained.

We understand however that once new/amending standards are issued that the Tier 2 disclosures under RDR need to be contemplated at that point in time which may be earlier than they are addressed within the *IFRS for SMEs* framework by the IASB. This may lead to periods where the RDR disclosures are different to the *IFRS for SMEs* disclosures (that is, more than already exists due to Australian specific disclosures and recognition and measurement differences) but we believe within the Australian environment the Tier 2 regime needs to be kept up to date with Tier 1 as there are no differences between recognition and measurement requirements. This will differ to the likely 3 yearly updates by the IASB to the *IFRS for SMEs*.

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Once the *IFRS for SMEs* is updated we believe it would be appropriate to review disclosure decisions that have been made to ensure a consistent application of the 'user need' and 'cost-benefit' principles applied in determining applicable disclosures.

If you have any questions concerning our comments, please contact Melissa Sim on (02) 9322 7934.

Yours sincerely

A handwritten signature in black ink that reads "Melissa Sim". The signature is written in a cursive, flowing style.

Melissa Sim  
Partner  
Deloitte Touche Tohmatsu