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

11 January 2011

Dear Kevin


Re: ED 205 Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation

Deloitte Australia welcomes the opportunity to comment on Exposure Draft ED 205 'Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation'.

We welcome the AASB's introduction of additional relief from consolidation, equity accounting and proportionate consolidation. Our responses to the specific matters for comment requested by the AASB are set out in Appendix A.

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

Yours sincerely



Melissa Sim
Partner
Deloitte Touche Tohmatsu

Appendix A Specific Matters for Consideration

The AASB would particularly value comments on whether:

(a) extending relief from:

- (i) preparing consolidated financial statements to circumstances specified in proposed paragraph Aus10.2 of AASB 127 is appropriate;*
- (ii) application of the equity method to circumstances specified in proposed paragraph Aus13.1 of AASB 128 is appropriate;*
- (iii) application of proportionate consolidation or the equity method to circumstances specified in proposed paragraph Aus2.1 of AASB 131 is appropriate; and*

We agree with the introduction of additional relief from consolidation, equity accounting and proportionate consolidation. The introduction of the exemption ensures entities adopting the reduced disclosure regime (RDR) receive the same exemption as those entities applying full IFRS. We believe it is appropriate to align the consolidation rules under the two regimes.

(b) the proposed relief addresses all the relevant circumstances;

We believe the relief addresses all the relevant circumstances.

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

In our opinion, the proposals would not lead to a reduction in information that would result in financial statements not being useful to users.

(d) the proposals are in the best interests of the Australian and New Zealand economies.

We believe the introduction of additional relief from consolidation, equity accounting and proportionate consolidation is in the best interest of the Australian economy.