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

Our ref Submission – ED 205

11 January 2011

Dear Sir

Submission - ED 205

We are pleased to have the opportunity to comment on ED 205 *Extending relief from Consolidation, the Equity Method and Proportionate Consolidation* (ED 205) issued by the Australian Accounting Standards Board.

Overall we support the proposals outlined in ED 205.

Our comments on the specific matters raised for comment and on other issues are set out in Appendix 1.

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We would be pleased to discuss our comments with members of the AASB or its staff. If you wish to do so, please contact Carol Warden on (02) 9335 8402.

Yours faithfully

Martin McGrath
Partner, Department of Professional Practice

Appendix 1

Topics that the AASB has requested specific comments on:

(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 support the proposals in ED 205 regarding extending relief from consolidation, the equity method and proportionate consolidation in the circumstances outlined in the ED.

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

We consider that the proposed relief addresses all the relevant circumstances.

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

We consider that the proposals would result in financial statements that would be useful to users.

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

We consider that the proposals are in the best interests of the Australian and New Zealand economies.