

10 January 2011

Mr Kevin Stevenson
Chairman
Australian Accounting Standards Board
PO Box 204
Collins Street West
MELBOURNE VIC 3007

Via email: standard@asb.gov.au

Dear Kevin

AASB Exposure Draft ED 205 Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation

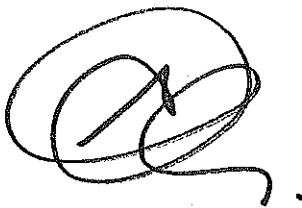
Thank you for the opportunity to comment on the AASB Exposure Draft ED 205 *Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation*. CPA Australia, The Institute of Chartered Accountants (The Institute) and the National Institute of Accountants (the Joint Accounting Bodies) have considered this exposure draft and our comments follow.

The Joint Accounting Bodies represent over 190,000 professional accountants in Australia. Our members work in diverse roles across public practice, commerce, industry, government and academia throughout Australia and internationally.

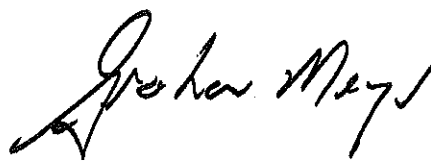
The Joint Accounting Bodies support the Australian Accounting Standards Board's proposal to reduce the need for intermediary parents to produce consolidated accounts, apply the equity method and apply proportionate consolidation when this is done in the parent higher up in the group.

Our response to matters on which specific comment is requested is included in the attached Appendix.

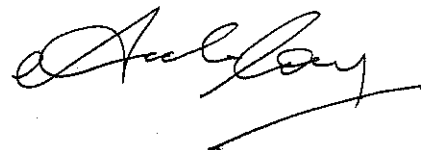
Yours sincerely



Alex Malley
Chief Executive Officer
CPA Australia Ltd



Graham Meyer
Chief Executive Officer
Institute of Chartered
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Andrew Conway
Chief Executive Officer
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Representatives of the Australian Accounting Profession



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The Institute of
Chartered Accountants
in Australia

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nia.org.au

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.**

The Joint Accounting Bodies support the decision of the AASB to extend relief in the areas identified above i to iii.

b. the proposed relief addresses all the relevant circumstances.

The Joint Accounting Bodies note that when the proposed relief is operational, the users of the financial statements of the lower level parent, investor or venturer will be able to satisfy their information needs through the consolidated financial statements prepared by the higher level parent. We consider this appropriate as it addresses all relevant circumstances and we would not support the extension of the relief to different situations.

c. overall, the proposals would result in financial statements that would be useful to users.

The Joint Accounting Bodies believe 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.

The Joint Accounting Bodies believe the proposals are in the best interests of the Australian economy. As supporters of the work of both boards to revise their respective suites of standards in order to bring the two sets of pronouncements closer together, we would encourage the New Zealand board to reflect on these proposals as part of its process in determining its approach to differential reporting.