Mr Kevin Stevenson
Chairman
Australian Accounting Standards Board
PO Box 204,
Collins Street
WEST VICTORIA 8007

By Email: standard@aasb.gov.au

7 September 2011

Grant Thornton Australia Limited
ABN 41 127 556 389

Level 17, 383 Kent Street
Sydney NSW 2000
Locked Bag Q800
QVB Post Office
Sydney NSW 1230

T +61 2 8297 2400
F +61 2 9299 4445
E info.nsw@au.gt.com
W www.grantthornton.com.au

Dear Kevin

EXPOSURE DRAFT ED 213/IASB ED 2011/2 IMPROVEMENTS TO IFRS

Grant Thornton Australia Limited (Grant Thornton) is pleased to provide the Australian Accounting Standards Board with its comments on this ED 213 (the ED) which is a re-badged copy of the International Accounting Standards Board's (IASB) ED/2011/2. We have considered the ED, and set out our comments in the Appendix.

Grant Thornton's response reflects our position as auditors and business advisers to the Australian business community. We work with listed and privately held companies, government, industry, and not-for-profit organisations (NFPs). This submission has benefited with input from our clients, Grant Thornton International which will be finalising a global submission to the IASB by its due date of 21 October 2011, and discussions with key constituents.

Broadly we support the amendments that the IASB proposes. However for Australian entities, Grant Thornton does not believe that at this time the proposed amendments to a full IFRS recognition and measurement standards amendments should mandatorily apply to non-publicly accountable entities. Instead Grant Thornton believes that the AASB should allow the IFRS for SMEs accounting standard as an option for non-publicly accountable entities. Adoption of IFRS recognition and measurement principles which the AASB believes necessitates an increase in disclosures compared to IFRS for SMEs, does add significant complexity and costs that would not be borne by similar structured overseas entities.

If you require any further information or comment, please contact me.

Yours sincerely
GRANT THORNTON AUSTRALIA LIMITED

Keith Reilly
National Head of Professional Standards

Appendix 1: Comments

IASB ED questions

A. IFRS 1 First-time Adoption of International Financial Reporting Standards

1. Do you agree with the Board's proposal to amend the IFRS as described in the exposure draft? If not, why and what alternative do you propose?

Yes.

2. Do you agree with the proposed transitional provisions and effective date for the issue as described in the exposure draft? If not, why and what alternative do you propose?

Yes.

B. IAS 1 Presentation of Financial Statements

1. Do you agree with the Board's proposal to amend the IFRS as described in the exposure draft? If not, why and what alternative do you propose?

Yes. However IAS 1 does not deal with when a 3rd Balance Sheet is needed, which is what challenges people in practice but the improvement seems to relax the requirement for comparatives for those needing a 3rd Balance Sheet. However it is more onerous for those voluntarily providing additional comparatives who do not get the same relaxation.

2. Do you agree with the proposed transitional provisions and effective date for the issue as described in the exposure draft? If not, why and what alternative do you propose?

Yes.

C. IAS 16 Property, Plant and Equipment

1. **Do you agree with the Board's proposal to amend the IFRS as described in the exposure draft? If not, why and what alternative do you propose?**

Yes.

2. **Do you agree with the proposed transitional provisions and effective date for the issue as described in the exposure draft? If not, why and what alternative do you propose?**

Yes.

D. IAS 32 Financial Instruments: Presentation

1. **Do you agree with the Board's proposal to amend the IFRS as described in the exposure draft? If not, why and what alternative do you propose?**

Yes.

2. **Do you agree with the proposed transitional provisions and effective date for the issue as described in the exposure draft? If not, why and what alternative do you propose?**

Yes.

E. IAS 34 Interim Financial Reporting

1. **Do you agree with the Board's proposal to amend the IFRS as described in the exposure draft? If not, why and what alternative do you propose?**

Yes.

2. **Do you agree with the proposed transitional provisions and effective date for the issue as described in the exposure draft? If not, why and what alternative do you propose?**

Yes.

AASB ED questions

1. **Not-for-profit and public sector entities – whether there are any regulatory issues or other issues arising in the Australian environment that may affect the implementation of the proposals.**

Yes. Apart from our earlier comments on the need for non-publicly accountable entities to be able to significantly reduce complexity and costs by allowing the adoption of the IFRS for SMEs accounting standard, we are not aware of any regulatory or other issues that may affect the not-for-profit and public sectors other than already indicated in ED 213 on the Conceptual Framework and Statement of IFRS compliance.

2. **(a) Whether, overall, the proposals would result in financial statements that would be useful to users.**

No. We reiterate that for non-publicly accountable entities the proposed requirements to continue to stay with the IFRS recognition and measurement rules instead of IFRS for SMEs would add significant complexity and costs that would not be borne by similar structured overseas entities, and hence would not result in financial statements that would be useful to users. For those entities that wish to stay on a full IFRS recognition and measurement platform, we are not aware of any other reasons that would impact the usefulness of these proposals.

3. **Whether the proposals are in the best interests of the Australian economy.**

No. We reiterate that for non-publicly accountable entities the proposed requirements would add significant complexity and costs that would not be borne by similar structured overseas entities, and hence would not result in financial statements that would be in the best interests of the Australian economy. For those entities that wish to stay on a full IFRS recognition and measurement platform, we are not aware of any other reasons that would impact the usefulness of these proposals.

4. **Unless already provided in response to specific matters for comment 1 – 4 above, the costs and benefits of the proposals, whether quantitative (financial or non-financial) or qualitative.**

Costs outweigh benefits. As stated above, we believe that the costs of maintaining an RDR structure without allowing for IFRS for SMEs as an option to full IFRS or the RDR imposes costs on most non-publicly accountable entities that exceed the benefits. For those entities that wish to stay on a full IFRS recognition and measurement platform, we are not aware of any other reasons that would impact the usefulness of these proposals.