



Mr Kevin Stevenson  
Chairman  
Australian Accounting Standards Board  
PO Box 204  
Collins Street West VIC 8007

via email: [standard@asb.gov.au](mailto:standard@asb.gov.au)

17 November 2011

Dear Kevin

**Re: Exposure drafts ED 216, ED and ED 219**

We are responding to your request for comment on the following Exposure Drafts (ED):

- ED 216 AASB 12 *Disclosure of Interests in Other Entities: Tier 2 proposals*
- ED 217 AASB 127 *Separate Financial Statements: Tier 2 proposals*
- ED 219 AASB 13 *Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13: Tier 2 proposals*

We have provided specific comments on these exposure drafts in Appendix A to this letter.

I would welcome the opportunity to discuss our firm's views at your convenience. Please contact me on (02) 8266 8099 if you would like to discuss our comments further.

Yours sincerely,

A handwritten signature in black ink that reads 'Wayne Andrews' in a cursive script.

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## Appendix A – Specific matters for comment

**1. Do you agree with the AASB disclosure proposals under Tier 2 as set out in the attached analysis?**

***ED 216 AASB 12 Disclosure of Interests in Other Entities: Tier 2 proposals and ED 217 AASB 127 Separate Financial Statements: Tier 2 proposals***

We agree with the proposals in the exposure drafts.

***ED 219 AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13: Tier 2 proposals***

We generally agree with the proposals in exposure draft, except for the following two points:

### *Part A*

The exposure draft proposes to retain the requirements of paragraph 94(b) for tier 2 entities. This paragraph provides that entities shall determine appropriate classes of assets and liabilities on the basis of the level of the fair value hierarchy within which the fair value measurement is categorised. However, tier 2 entities are not otherwise required to apply the fair value hierarchy to their fair value measurements. On that basis, we believe paragraph 94(b) and the sentence immediately below (b) should be excluded for tier 2 entities.

### *Part B*

We also noted that the AASB proposes to retain paragraph RDR27.1 in AASB 7. This paragraph requires disclosure of information about the basis of the fair value measurements and assumptions applied. However, this disclosure is now also required under AASB 13 paragraph 91(a). On that basis, we believe paragraph RDR27.1 can be removed from AASB 7.

**2. Are there any regulatory issues or other issues arising in the Australian environment, particularly any issues relating to (a) not-for-profit entities, and (b) public sector entities?**

We do not believe that there are any regulatory or other issues that would affect implementation of the proposals in Australia.

**(c) Overall, would the proposals result in financial statements that would be useful to users?**

Subject to our specific comments above, we believe that the proposals would result in financial statements that are useful to users.

**(d) Are the proposals in the best interests of the Australian economy?**

The introduction of the reduced disclosure regime has significantly reduced the regulatory burden for those entities that are eligible to report under tier 2 of the new regime. It is therefore in the best interests of the Australian economy if new standards provide consistent disclosure relief for tier 2 entities on a timely basis.

**Other matters**

In the process of reviewing the exposure drafts, we noticed that the current RDR web version of AASB 140 *Investment Property* shows paragraph 78 as not shaded, which would mean that these disclosures are required for tier 2 entities. However, the *Analysis of Disclosure Requirements* for AASB 140 states that paragraph 78 should be excluded from the tier 2 requirements, since the paragraph does not have an equivalent in the IFRS for SMEs. We agree with this conclusion and it would seem to us that the missing shading on the web version is a simple oversight.