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8 August 2012

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

Exposure Draft 225 Annual Improvements to IFRSs 2010 - 2012 Cycle

Dear Mr Stevenson

Ernst & Young Australia is pleased to provide our comments on the AASB's Exposure Draft 225 *Improvements to IFRSs 2010 - 2012 Cycle*.

The global organisation of Ernst & Young will be submitting a letter to the IASB commenting on our overall views about the ED and responding to the questions raised by the IASB. We will forward to you a copy of Ernst & Young's letter when it is submitted to the IASB.

In summary, we generally support the proposals, however believe further clarification is needed in the following areas:

1. The distinction between a performance condition and a non-vesting condition in IFRS 2;
2. The subsequent recognition of a derivative in IFRS 9, that arises from contingent consideration in a business combination;
3. When a short term receivable and payable is undiscounted when applying IFRS 13;
4. The classification of an obligation that has an unconditional right to roll over or refinance in IAS 1; and
5. The definition of key management personnel in IAS 24.

We also believe that proposed amendment to IAS 7 should be discussed with the other cash flow questions being discussed by the IFRS Interpretations Committee.

We do not believe that there are any regulatory or other issues in the Australian environment arising from the proposed amendments to the not-for-profit and public sector entities.

We agree with the disclosure proposals relating to Tier 2 entities, for the reasons noted.

We would be pleased to discuss our comments further with you. Please contact either Lynda Tomkins (lynda.tomkins@au.ey.com) or (02) 9276 9605) or Georgina Dellaportas (georgina.dellaportas@au.ey.com) or (03) 9288 8621) if you wish to discuss any or the matters raised in this response.

Yours sincerely

Ernst & Young