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Via email: standard@asb.gov.au

Mr Kevin Stevenson  
Chairman  
Australian Accounting Standards Board  
PO BOX 204,  
Collins Street West VICTORIA 8007

28 March 2013

Dear Kevin

**EXPOSURE DRAFT ED 233 - AUSTRALIAN ADDITIONAL DISCLOSURES - INVESTMENT ENTITIES  
(PROPOSED AMENDMENTS TO AASB 1054)**

BDO Australia Limited (BDO) is pleased to provide the Australian Accounting Standards Board with its comments on ED 233 Australian Additional Disclosures - Investment Entities (proposed amendments to AASB 1054) (the ED). We have considered the ED, as well as the accompanying draft Basis for Conclusions.

We do not support the proposed amendments and instead believe that the AASB should immediately issue the October 2012 amendments to IFRS 10, IFRS 12 and IAS 27 that apply to Investment Entities as put forward as Alternative View 2 .(AV2) in the ED

Our reasons are as follows:

- (a) ED 233 is not consistent with International Financial Reporting Standards as it requires preparation and disclosure of consolidated financial statements which the International Accounting Standards Board (IASB) did not consider necessary when it issued its Investments Entities standard. The IASB determined that the needs of the users of financial statements being best served by the measurement of investments at fair value rather than consolidation;
- (b) These additional Australian only requirements increase costs to Australian organisations
- (c) These additional Australian only requirements increase complexity and volume of disclosure to financial statements compared to the requirements of IFRS. The IASB has determined that the needs of the users of financial statements are best served using the fair value of investments rather than consolidation. There would therefore appear to be no justification put forward that the needs of Australian users of investment entity financial statements differ from the needs of international users;
- (d) At a time when the users of financial statements are continually questioning the relevance of information contained in them and the volume of disclosure, it is extremely disappointing that the AASB is proposing voluminous and costly information to be required when the IASB has clearly determined that this information is not required.
- (e) BDO is of the opinion that there are potentially serious impacts to Australian companies applying Australian equivalents of IFRS (AIFRS) to raise funds in the capital markets if the

international community perceives AIFRS to be anything other than IFRS. If the ED is adopted, this will be a significant deviation from IFRS and will potentially weaken Australia's standing in the IFRS community.

- (f) The AASB has not provided a cost/benefit analysis of the impact that ED 233 will have. This is needed under Section 231 (1) of the ASIC Act 2001 before a AASB accounting standard is issued, and Section 231(2) requires this cost/benefit analysis on a draft accounting standard (i.e. ED 233). BDO does not believe that the AASB's reasons for issuing ED 233, i.e. additional disclosures to the IASB's Investments Entities accounting standard, are needed for Australian legal or institutional environment.

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

Yours sincerely

**BDO Australia Ltd**



Tim Kendall  
Chairman, National Audit Committee