



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

via email: standard@asb.gov.au

17 February 2014

Dear Kevin

Re: Exposure draft 246 *Equity Method in Separate Financial Statements*

I am enclosing a copy of PricewaterhouseCoopers' response to the International Accounting Standards Board's exposure draft ED/2013/10 *Equity Method in Separate Financial Statements*.

The letter reflects the views of the PricewaterhouseCoopers (PwC) network of firms. PwC refers to the network of member firms of PricewaterhouseCoopers International Limited, each of which is a separate and independent legal entity.

AASB specific matters for comment

We are not aware of any regulatory or other issues that could affect the implementation of the proposals for not-for-profit and public sector entities.

Should the proposed amendments be approved by the IASB, we are not aware of anything that would indicate that the proposals are not in the best interests of the Australian economy.

I would welcome the opportunity to discuss our firm's views at your convenience. Please contact me on (03) 8603 3574 if you would like to discuss our comments further.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Gordon Thomson', is written over a light grey circular stamp.

Gordon Thomson
Partner, PricewaterhouseCoopers

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International Accounting Standards Board
30 Cannon Street
London
EC4M 6XH

30 January 2014

Dear Sir/Madam

Exposure Draft – Equity Method in Separate Financial Statements

We are pleased to respond to the invitation by the IASB (the 'Board') to comment on behalf of PricewaterhouseCoopers on the Exposure Draft, Equity Method in Separate Financial Statements. Following consultation with members of the PricewaterhouseCoopers network of firms, this response summarises the views of those member firms who commented on the Exposure Draft. 'PricewaterhouseCoopers' refers to the network of member firms of PricewaterhouseCoopers International Limited, each of which is a separate and independent legal entity.

We do not object to the Board's proposal to restore the use of the equity method as one of the options to account for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements. However, we do not support the requirement for retrospective application of the Exposure Draft nor the proposed consequential amendment to IAS 28.

Differences may arise in the application of the equity method between the separate financial statements and the consolidated financial statements in a number of ways. We suggest, therefore, that the Board include appropriate transition guidance that allows reporting entities a choice of applying the requirements of the Exposure Draft from the beginning of the earliest period presented or retrospective application as currently proposed.

The Exposure Draft proposes consequential amendments to IAS 28 to require the re-measurement of any retained interests to fair value upon the loss of control. We do not believe that the principle of a re-measurement gain should be applied in separate financial statements, given that the investments will have the same measurement basis before and after the loss of control. We therefore do not support the consequential amendments.

If you have any questions, please contact John Hitchins, PwC Global Chief Accountant (+44 207 804 2497), Mary Dolson (+44 207 804 2930) or Elza Yuen (+852 2289 2314).

Yours faithfully

A handwritten signature in black ink, appearing to read 'PricewaterhouseCoopers', written in a cursive style.

PricewaterhouseCoopers

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