



20 January 2014

Hans Hoogervorst
Chairman
International Accounting Standards Board
30 Cannon Street
London EC4M 6XH
United Kingdom

Dear Mr Hoogervorst,

Re: ED/2013/10 'Equity Method in Separate Financial Statements' (Proposed amendments to IAS 27)

Australia and New Zealand Banking Group Limited (ANZ) is listed on the Australian Securities Exchange. Our operations are predominately based in Australia, New Zealand and the Asia Pacific region. Our most recent annual results reported profits before tax of US\$8.4 billion and total assets of US\$654 billion.

We welcome the opportunity to comment on this exposure draft (ED). We are supportive of the proposal to permit the option to use equity method to account for investments in subsidiaries, associates and joint ventures in the separate financial statements. We believe that the benefit gained by permitting, but not requiring, the use of equity accounting by category of investment, outweighs any potential loss of comparability between entity's that are required to present separate accounts.

Detailed comments, where applicable, on the questions raised in the ED are attached as an Appendix to this letter. Should you have any queries on our comments, please do not hesitate to contact me at shane.buggle@anz.com.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Shane Buggle', written over a large, light blue circular watermark.

Shane Buggle

Deputy Chief Financial Officer

Copy: Chairman, Australian Accounting Standards Board (AASB)

APPENDIX

Question 1—Use of the equity method

The IASB proposes to permit the equity method as one of the options to account for an entity's investments in subsidiaries, joint ventures and associates in the entity's separate financial statements.

Do you agree with the inclusion of the equity method as one of the options? If not, why?

We agree with the inclusion of equity method as one of the options to account for investments in subsidiaries, joint ventures and associates in separate financial statements.

Question 2—Transition provisions

The IASB proposes that an entity electing to change to the equity method would be required to apply that change retrospectively, and therefore would be required to apply IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*.

Do you agree with the proposed transition provisions? If not, why and what alternative do you propose?

We agree with the proposed transition requirement that an entity electing to use the equity method under this proposed amendment should apply it retrospectively in accordance with IAS 8. This is on the basis that retrospective application enables better comparability across periods presented in the separate financial statements and we concur that applying the equity method retrospectively would be operationally straightforward since an entity could make use information required in the preparation of consolidated financial statements.

Question 3—First-time adopters

The IASB does not propose to provide any special relief for first-time adopters. A first-time adopter electing to use the equity method would be required to apply the method from the date of transition to IFRSs in accordance with the general requirements of IFRS 1 *First-time Adoption of International Financial Reporting Standards*.

Do you agree that a special relief is not required for a first-time adopter? If not, why and what alternative do you propose?

We have no comment on Questions 3.

Question 4—Consequential amendment to IAS 28 *Investments in Associates and Joint Ventures*

The IASB proposes to amend paragraph 25 of IAS 28 in order to avoid a conflict with the principles of IFRS 10 *Consolidated Financial Statements* in situations in which an entity loses control of a subsidiary but retains an ownership interest in the former subsidiary that gives the entity significant influence or joint control, and the entity elects to use the equity method to account for the investments in its separate financial statements.

Do you agree with the proposed consequential amendment? If not, why?

We agree with the proposed consequential amendment to IAS 28.

Question 5—Other comments

Do you have any other comments on the proposals?

None.