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

via email: standard@aasb.gov.au

18 March 2014

Dear Kevin

Re: Exposure draft 247 *Annual Improvements to IFRSs 2012-2014 Cycle*

I am enclosing a copy of PricewaterhouseCooopers' response to the International Accounting Standards Board's exposure draft ED/2013/11 *Annual Improvements to IFRSs 2012-2014 Cycle*.

The letter reflects the views of the PricewaterhouseCoopers (PwC) network of firms and as such includes our own comments on the matters raised in the request for comment. 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 5371 if you would like to discuss our comments further.

Yours sincerely,

Margot Le Bars

Margot Le Bars
Partner, PricewaterhouseCoopers

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Mr Michael Stewart
Director of Implementation Activities
International Accounting Standards Board
30 Cannon Street
London
EC4M 6XH

13 March 2014

Dear Sir

Exposure draft: Annual Improvements to IFRSs 2012-2014 Cycle

We are responding to your invitation to comment on the Exposure Draft on behalf of PricewaterhouseCoopers.

Following consultation with members of the PricewaterhouseCoopers network of firms, this response summarises the views of 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 agree in principle with the proposed improvements. Our responses to the specific questions posed in the invitation to comment are attached as Appendix 1 to this letter and include suggestions to clarify the wording of several of the proposed amendments.

If you have any questions in relation to this letter please do not hesitate to contact John Hitchins, PwC Global Chief Accountant (020 7804 2497), or Mary Dolson (020 7804 2930).

Yours faithfully

Pricewaterhousecoopers

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Appendix 1

Detailed responses to the specific questions in the Exposure Draft

A. **Proposed amendment to IFRS 5, *Non-current Assets held for Sale and Discontinued Operations***

Changes in methods of disposal.

Question 1: *Do you agree with the IASB's proposal to amend the Standards as described in the Exposure Draft? If not, why and what alternative do you propose?*

We agree with the proposal to amend IFRS 5 as described in the Exposure Draft.

Question 2: *Do you agree with the proposed transition provisions and effective date for the issue as described in the Exposure Draft? If not, why and what alternative do you propose?*

We agree with the proposed transition provisions and effective date.

B. **Proposed amendments to IFRS 7, *Financial Instruments: Disclosure***

1. *Servicing contracts.*

Question 1: ***Do you agree with the IASB's proposal to amend the Standards as described in the Exposure Draft? If not, why and what alternative do you propose?***

We support the proposal to clarify when a servicing contract represents continuing involvement for the purposes of the IFRS 7 disclosure requirements in paragraphs 42E-42H. However, we suggest clarifying the guidance to explain the principle of when a service agreement represents continuing involvement. From the examples included we understand that this is when the transferor has an economic interest in the future performance of the transferred asset. We believe it would be helpful to clarify that the obligation to perform the service, in itself, does not represent continuing involvement.

The examples included in paragraph B30A are both situations where the transferor continues to have continuing involvement. It may be helpful to include a further example of when a servicing arrangement does not represent continuing involvement. This could be the commonly occurring situation where a fixed fee is fully paid on transfer and is not contingent on the future performance of the transferred asset.

Question 2: *Do you agree with the proposed transition provisions and effective date for the issue as described in the Exposure Draft? If not, why and what alternative do you propose?*

We agree with the proposed transition provisions and effective date.

2. *Applicability of the amendments to IFRS 7 to condensed interim financial statements*

Question 1: ***Do you agree with the IASB's proposal to amend the Standards as described in the Exposure Draft? If not, why and what alternative do you propose?***

We support your proposal to clarify that offsetting disclosures are not specifically required for all interim periods, unless required by IAS 34.

Question 2: ***Do you agree with the proposed transition provisions and effective date for the issue as described in the Exposure Draft? If not, why and what alternative do you propose?***

We agree with the proposed transition provisions and effective date.

C. Proposed amendments to IAS 19, *Employee Benefits*

Discount rate: regional market issue.

Question 1: ***Do you agree with the IASB's proposal to amend the Standards as described in the Exposure Draft? If not, why and what alternative do you propose?***

We support the proposal to clarify that the high quality corporate bonds used to estimate the discount rate for post-employment benefit obligations should be denominated in the same currency as the liability. We also support the proposal to clarify that the depth of the market for high quality corporate bonds should be assessed at the currency level and not be restricted to a country or region.

The draft amendment does not address the impact of pegged exchange rates and there are different views on the implications. We therefore suggest clarifying that a pegged currency is distinct and separate from the currency to which it is pegged. This might be accomplished by expanding BC 2 or BC 3 to state that the depth of the market is assessed only by reference to high quality corporate bonds denominated in the currency in which the benefits are to be paid, irrespective of whether or not that currency is pegged to another currency.

Question 2: ***Do you agree with the proposed transition provisions and effective date for the issue as described in the Exposure Draft? If not, why and what alternative do you propose?***

We agree with the proposed transition provisions and effective date.

D. Proposed amendment to IAS 34, *Interim Financial Reporting*

Disclosure of information 'elsewhere in the interim financial report'.

Question 1: *Do you agree with the IASB's proposal to amend the Standards as described in the Exposure Draft? If not, why and what alternative do you propose?*

We support the proposal to clarify the meaning of disclosure of information 'elsewhere in the interim financial report' and to require the inclusion of a cross-reference from the interim financial statements to the location of this information. We also suggest that:

- The guidance in IAS 34 should be consistent with the principle in IAS 1 para 49 that requires the financial statements to be clearly identified and distinguishable from other information in the same published document. We therefore suggest clarifying the interaction between IAS 34 para 16A and IAS 1 para 49 onwards.

- The guidance should require that interim financial information disclosed elsewhere in the interim financial report should be available to users of the interim financial information whenever such information is used and not just when it is published.

Question 2: *Do you agree with the proposed transition provisions and effective date for the issue as described in the Exposure Draft? If not, why and what alternative do you propose?*

We agree with the proposed transition provisions and effective date.