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Dear David

Exposure Draft 151: Australian Additions to, and Deletions from, IFRSs

We are pleased to submit our comments on Exposure Draft 151: *Australian Additions to, and Deletions from, IFRSs*. Our comments represent the views of the Australian firm of PricewaterhouseCoopers and are provided to assist the Australian Accounting Standards Board (AASB) assess the exposure draft for issuance as an amending standard.

We support the Board's proposal to amend Australian Equivalents to International Financial Reporting Standards (AIFRS) to bring them more into line with International Financial Reporting Standards (IFRS) by including the options that currently exist in IFRS and eliminating additional Australian disclosures.

Our responses to the key proposals the Board has identified in the preface to ED 151 are included in Appendix 1 to this letter.

We note that there will continue to be a difference between the application of AASB 127 *Consolidated and Separate Financial Statements*, AASB 128 *Investments in Associates* and AASB 131 *Interests in Joint Ventures* and the application of IAS 27, IAS 28 and IAS 31. However, we accept that these differences are necessary to achieve the desired reporting outcome in the Australian regulatory environment. We believe that the proposed changes to the scope of these standards will improve their consistency with IFRS and are appropriate in the circumstances.

We also note that the Board is proposing to retain some additional disclosures (e.g. related parties). It would be our preference to have all additional Aus paragraphs removed from AIFRSs when they apply to for-profit entities.

Professor David Boymal

We would welcome the opportunity to discuss our views at your convenience. Please contact me on (03) 8603 2249 or Sue Whitechurch on (02) 8266 7543 if you would like to discuss this further.

Yours faithfully



Debbie Smith
Partner
Assurance

Our response to the key proposals

Inclusion of Option Treatments available under IFRSs

The optional treatments that are proposed to be added to Australian equivalents to IFRSs include:

- The option to use the indirect method for the presentation of cash flow statements under AASB 107 *Cash Flow Statements*
- The option to use proportionate consolidation for interests in joint venture entities under AASB131 *Interests in Joint Ventures*.

We agree with the proposals to include the above optional treatments available under IFRS. The inclusion of these options will allow Australian entities to avail themselves of the same accounting treatments available to their international counterparts, removing any real or perceived restrictions for Australian reporters. It will also enable some Australian subsidiaries of international groups to use consistent policies for local reporting as those used for group reporting purposes, where group policies adopt accounting options currently not available under AIFRS.

In view of the reasons for the AASB amending the standards, it is our view that these alternatives could be adopted by an entity without needing to justify their change of policy under paragraph 14(b) of AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*. The Board should make this clear in the preface and explanatory material accompanying the amended standards.

Removal of Disclosure Requirements

The ED proposes to remove the Aus paragraphs relating to a number of disclosure requirements. These include disclosure requirements relating to defined benefit obligations, financial instruments and interim financial reports.

We agree with the proposals to remove additional disclosure requirements previously included in AIFRS. This will eliminate any real or perceived additional burden placed on Australian reporters.

Operative Date

It is proposed that the amendments be available for application to annual reporting periods beginning on or after 1 July 2007, with early adoption being permitted to annual reporting periods beginning on or after 1 January 2005.

We agree with the proposed operative date.