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The Chairman
Australian Accounting Standards Board
PO Box 204
Melbourne Vic 8007

Dear Professor Boymal

Invitation to Comment "Policyholder Equity" of Friendly Societies and AASB 1038 Life Insurance Contracts

Thank you for the opportunity to comment on the Invitation to Comment (ITC) "*Policyholder Equity*" of *Friendly Societies and AASB 1038 Life Insurance Contracts*.

Our comments have been prepared in consultation with members through our Centre of Excellence – Financial Reporting and Governance.

The Preface to the ITC comments that the effect of Life Regulation 2A.01 is that friendly societies can have an unallocated surplus (and the unallocated surplus has a similar nature to policyholder equity in life insurers with foreign life insurance operations).

AASB 1038 currently acknowledges that life insurers with foreign life insurance operations may have an unallocated surplus that is policyholder equity. We support the proposal to amend AASB 1038 to acknowledge that friendly societies may have policyholder equity.

Should you have any queries on our comments, please contact Dr Mark Shying, CPA Australia's Financial Reporting and Governance Senior Policy Adviser at mark.shying@cpaaustralia.com.au.

Yours sincerely

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

Peter Lowe CPA
Chief Executive

cc M Shying