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28 November 2019

Ms Kris Peach
Chair
Australian Accounting Standards Board
PO Box 204, Collins Street West
Melbourne, Victoria, 8007

Dear Kris

Re: ED 297 Removal of Special Purpose Financial Statements for Certain For-Profit Private Sector Entities

QBE Insurance Group Limited (QBE) is an Australian-based public company listed on the Australian Securities Exchange. QBE is Australia's largest international insurance and reinsurance company with operations in 27 countries and territories.

QBE's main interest in this topic, and the focus of our submission, is financial reporting by wholly-owned subsidiaries of a listed Group.

In general, QBE concurs with the recommendations set out in ED 297.

QBE's proposed approach for wholly-owned Australian subsidiaries of listed Groups is to require full application of the recognition and measurement requirements of Australian Accounting Standards, retention of the consolidation exception in AASB 10 and very limited disclosure requirements. Any requirements in excess of minimal disclosure could add a significant cost burden for preparers and would not benefit users. QBE comments further on this matter in responding to ED 295 *Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities.*

We are happy to discuss and further clarify the points raised in this letter. Please contact Anne Driver on anne.driver@qbe.com for coordination of further input.

Yours sincerely,

J. A. C

Joan Cleary
Group Financial Controller

Appendix 1 – Specific matters for comment (questions 1 to 8)

Comment on question 2

We note that in the Basis for Conclusions paragraph 107, the Board considered ways to provide financial information about subsidiaries in a more cost-effective way which involved yet to be published research.

The research included assessing the suitability of current reporting requirements where the views of different lending institutions were sought, with feedback that full subsidiary financial statements are needed. We would be interested to see this research and note the following:

(a) There is a wide range of subsidiaries with different characteristics, including those which are wholly-owned versus partly-owned; and those that do not have material borrowings versus subsidiaries that do.

(b) The extent to which subsidiaries have users of their financial statements will vary based on the characteristics of those subsidiaries.

We would contend that lending institution feedback is too narrow and that feedback should be sought from a wider audience. It is possible that the lenders consulted by the AASB as part of its research had in mind only subsidiaries with material borrowings and, therefore, their views may not be relevant to all types of subsidiaries. We have a number of wholly-owned subsidiaries which do not have material external borrowings and therefore their user base, if there is one, would likely be different.

Comment on question 8

Our preference is for an effective date for reporting periods on or after 1 July 2021. This would allow time for preparation of comparative information which we consider would provide users with improved information.

Appendix 2 – General matters for comment (questions 9 to 13)

Overall, we do not have any issues with the ED 297 proposals and believe that they will result in financial statements being more useful to users and are in the best interests of the Australian economy.

As advised in QBE's submission re ED 295, the substitution of SPFS with GPFS Tier 2 could add significantly to costs due to the ED 295 proposals to retain the disclosures from the *IFRS for SMEs* that are not currently required under the Reduced Disclosure Regime framework or Australian Accounting Standards.