



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

27 June 2011

Dear Kevin

**Re: ED 210 *Financial Instruments: Impairment* – Tier 2 supplement**

We are responding to your request for comment on Australian Accounting Standards Board (AASB) Exposure Draft 210 *Financial Instruments: Impairment (proposed amendments to AASB 7)* – Tier 2 supplement (ED 210).

We support the Board's aim to ensure that amendments to existing Australian Accounting Standards provide consistent disclosure relief for tier 2 entities reporting under the reduced disclosure regime on a timely basis. However, we continue to question whether the current process is effective and an efficient use of constituents' time and resources. The decision of the IASB to reconsider the proposed impairment model and related disclosures has again confirmed our concerns.

We believe the AASB should wait until the near-final draft of an IASB standard before considering which disclosures are relevant for tier 2 entities, as the final standard usually differs from the exposure draft. A short delay between the issue of a new standard and the finalisation of the reduced disclosures applicable under this standard should not cause a major issue for tier 2 entities, as these entities are less likely to adopt a new standard early.

Leaving these concerns aside, we do not believe that any of the disclosures proposed in ED 210 should be required for tier 2 entities. As the proposals in ED 210 were not intended to apply to trade receivables, they would only have a very limited impact on entities eligible to report under the tier 2 requirements. For the limited circumstances where the impairment model in ED 210 could have applied, we believe it would have been sufficient to rely on the general principles in paragraphs 122 and 125 of AASB 101 *Presentation of Financial Statements* regarding the disclosure of significant judgments and major sources of estimation uncertainty.

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I would welcome the opportunity to discuss our firm's views at your convenience. Please contact me on (02) 8266 8350 if you would like to discuss our comments further.

Yours sincerely,

**Regina Fickers**  
Partner, PricewaterhouseCoopers