

The Chairman
Australian Accounting Standards Board
PO Box 204
Collins Street West Victoria 8007

16 September 2013

Invitation to comment on Tier 2 Supplement to AASB Exposure Draft ED 237

Dear Chairman

Ernst & Young Australia is pleased to provide comments on the *Tier 2 Supplement to AASB Exposure Draft ED 237* (the 'Tier 2 Supplement').

Overall, we support the proposals in the Tier 2 Supplement to reduce the disclosures applicable to Tier 2 reporting entities in relation to the proposed amendments to AASB 139 *Financial Instruments: Recognition and Measurement*.

We note that Exposure Draft - ED 237 Financial Instruments: Expected Credit Losses ('ED 237') is currently being reviewed by the Australian Accounting Standards Board. Accordingly, our responses in Appendix A are limited only to the questions raised in the Tier 2 Supplement. However, we also note that the majority of respondents to the IASB ED expressed concerns that overall the disclosure requirements were excessive, burdensome, complex and inoperable. These comments also relate to some of the paragraphs that are proposed to be retained for Tier 2 entities. Therefore it may be appropriate to revisit the Tier 2 disclosures once the section in AASB 9 in relation to expected credit loss is finalised.

Our responses to the specific questions are provided in Appendix A to this letter.

We would be pleased to discuss our comments further with you. Please contact Lynda Tomkins (lynda.tomkins@au.ey.com or (02) 9276 9605) or Vincent Sheehan (vincent.sheehan@au.ey.com, or (03) 9655 2941) if you wish to discuss any of the matters in this response.

Yours sincerely



Ernst & Young

APPENDIX A

SPECIFIC MATTERS FOR COMMENT

1. Whether you agree with the AASB disclosure proposals regarding paragraphs 28-45, IE72 and IE73 of ED 237 in relation to Tier 2 entities;

We agree with the proposals in the Tier 2 Supplement.

2. Whether there are any regulatory issues or other issues arising in the Australian environment that may affect the implementation of the proposals, particularly any issues relating to:
 - a. not-for-profit entities; and
 - b. public sector entities;

We are not aware of any significant regulatory or other issues that are likely to affect the implementation of the proposals contained in this Tier 2 Supplement.

3. Whether, overall, the proposals would result in financial statements that would be useful to users;

We believe that the proposals would result in financial statements that would be useful to users.

4. Whether the proposals are in the best interest of the Australian economy; and

We believe that the proposals are in the best interests of the Australian economy.

5. Unless already provided in response to specific matters for comment 1 – 4 above, the costs and benefits of the proposals relative to the current requirements, whether quantitative (financial or non-financial) or qualitative.

We believe that there will not be additional costs incurred by Tier 2 entities to comply with the proposed amendments. If there were additional costs, these costs will not outweigh the benefits to users of financial statements.