

7 February 2013

International Accounting Standards Board
30 Cannon Street
London EC4M 6XH
United Kingdom

Via online submission: www.ifrs.org

Dear Sir/Madam,

ED/2012/3 Equity Method: Share of Other Net Asset Changes

Thank you for the opportunity to comment on the Exposure Draft (ED). CPA Australia and the Institute of Chartered Accountants in Australia (the Institute) have considered the ED and our comments follow.

CPA Australia and the Institute represent over 200,000 professional accountants in Australia and abroad. Our members work in diverse roles across public practice, commerce, industry, government and academia throughout Australia and internationally.

We have restricted our comments below to Question 1.

Question 1: The IASB proposes to amend IAS 28 so that an investor should recognise in the investor's equity its share of the changes in net assets of the investee that are not recognised in profit or loss of OCI of the investee, and that are not distributions received. Do you agree? Why or why not?

We do not agree with the proposals for the following two reasons:

1. Normally an investor would recognise in profit or loss, any gains or losses arising from the actual part-disposal of an investment that is accounted for under the equity method. However, in accordance with the proposals, gains or losses arising from a "deemed" disposal would be recognised in equity. Given the similarity between the two transactions, we are unclear as to the reason for a difference in the approach adopted.
2. IAS 1 *Presentation of Financial Statements* requires an entity to present transactions with owners in their capacity as owners through equity. As changes in net assets of an investee are not transactions with owners, these proposals will depart from the present requirements of IAS 1.

In view of the conceptual differences between the proposals within the ED and current requirements, we suggest the IASB deliberate the issue further to ensure a consistent approach is developed.

Representatives of the Australian Accounting Profession



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Institute of
Chartered Accountants
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If you have any questions regarding this submission, please do not hesitate to contact either Mark Shying (CPA Australia) at mark.shying@cpaaustralia.com.au or Kerry Hicks (the Institute) at kerry.hicks@charteredaccountants.com.au.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Alex Malley', with a long horizontal flourish extending to the right.

Alex Malley
Chief Executive Officer
CPA Australia Ltd

A handwritten signature in black ink, appearing to read 'Lee White', with a large, stylized loop at the end.

Lee White
Chief Executive Officer
Institute of Chartered Accountants
Australia