



## Department of Treasury and Finance

The Treasury Building  
21 Murray Street, HOBART, Tas 7000  
GPO Box 147, HOBART, Tas 7001 Australia  
Telephone: (03) 6233 3100 Facsimile: (03) 6223 2755  
Email: [secretary@treasury.tas.gov.au](mailto:secretary@treasury.tas.gov.au) Web: [www.treasury.tas.gov.au](http://www.treasury.tas.gov.au)

Sir David Tweedie  
Chairman  
International Accounting Standards Board  
30 Cannon Street  
LONDON EC4M 6XH



Dear Sir David

### **IASB EXPOSURE DRAFT REGARDING PROPOSED IMPROVEMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS**

Thank you for the opportunity to comment on the International Accounting Standards Board's Exposure Draft on *Proposed Improvements to International Financial Reporting Standards*.

The Heads of Treasuries Accounting and Reporting Advisory Committee's main comment concerns the IAS 18 *Revenue* guidance.

#### **IAS 18 *Revenue***

HoTARAC believes that the IAS 18 guidance on principal/agent relationships could be improved by referring to the notion of control, as the overriding concept. This is consistent with the treatment of control in the IASB's preliminary views on the "Reporting Entity" and IFRIC 12 *Service Concession Arrangements*. As drafted, however, by referring to risks and rewards only and not control, there is a potential that other relevant factors are missed (e.g. capacity to deny or regulate access).

Although it is acknowledged that these proposals are part of an Improvements Project only, in future, the IASB will also need to review the whole of IAS 18, for consistency with the revised Framework and other Standards/Interpretations. For example, currently IAS 18 refers to risks and rewards and control as two separate conditions for the recognition of revenue (IAS 18.14(a) and (b)). This will not be appropriate, if at a conceptual level it is accepted that the overriding criteria is control.

#### **IAS 38 *Intangible Assets***

With regard to proposed changes to IAS 38 *Intangible Assets*, HoTARAC believes the word "together" in paragraph 36, should be replaced with "when directly associated" to avoid the use of words with a contradictory meaning.

IFRS's Proposed requirement:

"An intangible asset acquired in a business combination might be separable, but only together with a related contract, identifiable asset, or liability."

HoTARAC's proposed words:

"An intangible asset acquired in a business combination might be separable, but only when directly associated with a related contract, identifiable asset, or liability."

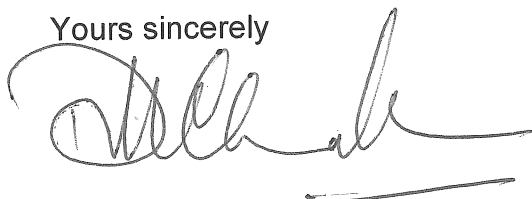
*IAS 39 Financial Instruments: Recognition and Measurement*

With regard to *IAS 39 Financial Instruments: Recognition and Measurement*, HoTARAC would like two commas to be inserted to enhance the readability of paragraph AG 33 (d). The first comma should be inserted directly after "insurance contract or not a financial instrument" and the second comma to be inserted directly after "related to the host contract".

Finally, whilst the improvements will have little impact on the Australian public sector, HoTARAC welcomes the clarity the proposed changes bring to a number of requirements within standards.

Please contact Peter Gibson from the Australian Department of Finance and Deregulation on + 61 2 6215 3551 if you wish to discuss these matters further.

Yours sincerely



D W Challen

**CHAIR**

**HEADS OF TREASURIES ACCOUNTING AND REPORTING COMMITTEE**

27 October 2008

Contact: Suzi Ransom  
Phone: 61 3 6233 2881  
Our Ref: D/14418 SR/CJ