

27 February 2014

Ms Stephenie Fox
Technical Director
International Public Sector Accounting Standards Board
International Federation of Accountants
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Email: stepheniefox@ifac.org

Dear Stephenie

Exposure Draft ED 52 Disclosure of Interests in Other Entities

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

CPA Australia and the Institute represent over 210,000 professional accountants. Our members work in diverse roles across public practice, commerce, industry, government and academia throughout Australia and internationally.

We were pleased to read that the International Public Sector Accounting Standards Board (IPSASB) has reaffirmed its policy of converging the International Public Sector Accounting Standards (IPSAS), to the extent appropriate, with the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB). Therefore, it is our expectation that IPSASB will only modify IFRS when there are unique public sector issues that would warrant such modifications. Such an approach promotes the goal of global standard setting and provides national standards setters such as Australia with financial reporting standards that can be used to support their reporting frameworks for both 'non-profit' entities and 'for profit' entities.

We generally support the proposals in the ED. However, we do not support the disclosures in relation to the controlling entity of an investment entity disclosing information about unconsolidated investment entities. Our rationale for not supporting these disclosures is because we do not support the associated accounting treatment as proposed in ED 49 *Consolidated Financial Statements*.

The Appendix to this letter contains our response to the question for comment. If you require further information on any of our views, please contact Mark Shying, CPA Australia at mark.shying@cpaaustralia.com or Kerry Hicks, the Institute at kerry.hicks@charteredaccountants.com.au.

Yours sincerely



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Appendix

Specific Matter for Comment 1:

Do you agree with the proposed disclosures in this draft Standard? If not, why? Are there any additional disclosure that would be useful for users of financial statements?

We generally support the proposals. However, we do not support the proposed disclosures in paragraph 34 relating to controlling entities that are not investment entities, and the associated disclosure of unconsolidated investment entities. We consider that all controlling entities that are not investment entities should consolidate all their controlled entities. Therefore, we do not support the proposed accounting treatment in ED 49 *Consolidated Financial Statements*. Hence, we do not support the associated disclosures contained in this ED.

Specific Matter for Comment 2:

Do you agree with the proposal that entities for which administrative arrangements or statutory provisions are dominant factors in determining control of the entity are not structure entities? If not, please explain why and explain how you would identify entities in respect of which the structured disclosures would be appropriate.

Yes, we agree with the proposal.