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Mr Hans Hoogervorst
Chairman
International Accounting Standards Board
20 Cannon Street
London EC 4M 6XH
UNITED KINGDOM

Dear Mr Hoogervorst

ED/2013/10 'Equity Method in Separate Financial Statements'

The Group of 100 (G100), an organization of chief financial officers from Australia's largest business enterprises with the purpose of advancing Australia's financial competitiveness, is pleased to offer views on this Exposure Draft.

We are unclear of the criteria being applied to distinguish those items which qualify for the annual improvements process and those relatively minor items, such as the current proposed amendments, which are the subject of a separate exposure draft.

Q1 Use of the equity method
The IASB proposes to permit the equity method as one of the options to account for an entity's investments in subsidiaries, joint ventures and associates in the entity's separate financial statements.
Do you agree with the inclusion of the equity method as one of the options? If not, why?

The G100 agrees with the proposed amendments to permit the use of equity accounting in these circumstances.

Q2 Transition provisions
The IASB proposes that an entity electing to change to the equity method would be required to apply that change retrospectively and therefore would be required to apply IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'.
Do you agree with the proposed transition provisions? If not, why and what alternative do you propose?
The G100 agrees that the proposed amendment, if adopted, should be applied retrospectively and that the information required to apply equity accounting would normally be available from that collected to undertake a consolidation. However, some relief on practicality grounds may be appropriate where the collection of such information is not practicable, costly and onerous.

Q3 First-time adopters
The IASB does not propose to provide any special relief for first-time adopters. A first-time adopter electing to use the equity method would be required to apply the method from the date of transition to IFRSs in accordance with the general requirements of IFRS 1 'First-time Adoption of International Financial Reporting Standards'.
Do you agree that a special relief is not required for a first-time adopter? If not, why and what alternative do you propose?

The G100 agrees that special relief is unnecessary in these circumstances.

Q4 Consequential amendment to IAS 28 'Investments in Associates and Joint Ventures'
The IASB proposes to amend para 25 of IAS 28 in order to avoid a conflict with the principles of IFRS 10 'Consolidated Financial Statements' in situations in which an entity loses control of a subsidiary but retains an ownership interest in the former subsidiary that gives the entity significant influence or joint control and the entity elects to use the equity method to account for the investments in its separate financial statements.
Do you agree with the proposed consequential amendment? If not, why?

The G100 agrees with the proposed amendment.

Yours sincerely
Group of 100 Inc

Neville Mitchell
President