GROUP OF 100

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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/2014/2 'Investment Entities'

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 comment on this Exposure Draft.

Q1 Exemption from preparing consolidated financial statements

The IASB proposes to amend IFRS 10 to confirm that the exemption from preparing consolidated financial statements set out in para 4(a) of IFRS 10 continues to be available to a parent entity that is a subsidiary of an investment entity, even when the investment entity measures its subsidiaries at fair value in accordance with para 31 of IFRS 10. Do you agree with the proposed amendment? Why or why not?

The G100 agrees with the proposed amendment because it clarifies that these entities are relieved from preparing consolidated financial statements which, in their circumstances, are of no benefit.

Q2 A subsidiary that provides services that relate to the parent's investment activities

The IASB proposes to amend IFRS 10 to clarify the limited situations in which para 32 applies. The IASB proposed that the requirement for an investment entity to consolidate a subsidiary, instead of measuring it at fair value, applies only to those subsidiaries that act as an extension of the operations of the investment entity parent, and do not themselves qualify as investment entities. The main purpose of such a subsidiary is to provide support services that relate to the investment entity's investment activities (which may include providing investment-related services to third parties). Do you agree with the proposed amendment? Why or why not?

The G100 agrees with the proposed amendment. We believe that the exemption from consolidation should apply to those entities which are classified as investment entities because of their business purpose. If a subsidiary is performing related services for its parent as its principal activity it is not likely to satisfy the requirements of IFRS10 for classification as an investment entity and thus does not qualify for the exemption.

Q3 Application of the equity method by a non-investment entity investor to an investment entity investee

The IASB proposes to amend IAS 28 to:

a. require a non-investment entity investor to retain, when applying the equity method, the fair value measurement applied by an investment entity associate to its interests in subsidiaries; and

b. clarify that a non-investment entity investor that is a joint venturer in a joint venture that is an investment entity cannot, when applying the equity method, retain the fair value measurement applied by the investment entity joint venture to its interests in subsidiaries.

Do you agree with the proposed amendments? Why or why not?

The G100 believes that measuring an investment entity's subsidiaries at fair vlaue provides the most useful and relevant information to users of financial statements and support the proposed amendments to IAS 28 in respect of a non-investment entity investor. However, we are not convinced that there should be a differential approach to applying equity accounting where the non-investment entity is a joint venture.

Sincerely
Group of 100 Inc

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President