



# Grant Thornton

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Dear Kevin

## **AASB ED 206 & IASB ED 2010/12 SEVERE HYPERINFLATION PROPOSED AMENDMENTS TO IFRS 1**

Grant Thornton Australia Limited (Grant Thornton) is pleased to provide the Australian Accounting Standards Board with its comments on ED 206 which is a re-badged copy of the International Accounting Standards Board's (the Board) Exposure Draft ED 2010/12 (the ED). We have considered the ED as well as the accompanying draft Basis for Conclusions, and set out our main comments below. Our responses to the questions in the ED's Invitation to Comment and the AASB's separate questions are set out in the Appendix.

Grant Thornton's response reflects our position as auditors and business advisers both to listed companies and privately held companies, and public and private businesses, and this submission has benefited with some initial input from our clients, Grant Thornton International which is working on a global submission to the IASB, and discussions with key constituents.

The views expressed here are preliminary in nature, and a more detailed Grant Thornton global submission will be finalised by the IASB's due date of 30 November 2010.

We have identified a number of scope and application issues with the proposals and suggest that some clarification is required prior to finalising the amendments to IFRS 1. However from an Australian perspective we note that it is not common for Australian constituents to deal with Severe Hyperinflation.

Yours sincerely  
GRANT THORNTON AUSTRALIA LIMITED

Keith Reilly  
National Head of Professional Standards

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Our Ref: L-101108-AASB ED 206 IASB ED 2010-12 SEVERE HYPERINFLATION

# Appendix 1: Response to the invitation to comment questions

## **ED questions**

### **Question 1 – Severe Hyperinflation Exemption**

**Do you agree with adding an exemption to IFRS 1 that an entity can apply at the date of transition to IFRS after being subject to severe hyperinflation?**

We had assumed that the proposed exemption would only be available to those entities that had resumed reporting under IFRS following a period of severe hyperinflation (e.g. Zimbabwe). However some have read the exemption applying to any economy that had in the past been subject to severe hyperinflation even though that period was some time ago and before assets and liabilities had been acquired after the severe hyperinflation had passed. We believe that the scope and application need to be reconsidered.

### **Question 2 – Do you have any other questions**

No.

### **Specific AASB questions**

**1. Whether there are any regulatory issues or other issues arising in the Australian environment that may affect the implementation of the proposals, particularly any issues relating to:**

- a not-for-profit entities; and**
- b public sector entities**

Apart from our earlier comments, we are not aware of any regulatory issues that may effect the implementation of the proposals.

**2. Whether, overall, the proposals would result in financial statements that would be useful to users;**

Apart from our earlier comments, we are not aware of any issues that may impact users.

**3. Whether the proposals are in the best interests of the Australian and New Zealand economies.**

For publicly accountable entities, apart from our earlier comments on the proposals, we are not aware of any reasons that would impact on the interests of the Australian economy and our New Zealand firm may wish to comment direct to the AASB if there are any New Zealand implications.