OCTOBER 2012
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ACCOUNTING NEWS

NEW HEDGE ACCOUNTING REQUIREMENTS ARE ALMOST COMPLETE

IN SEPTEMBER 2012, THE INTERNATIONAL ACCOUNTING STANDARDS BOARD (IASB) POSTED ON ITS WEBSITE A DRAFT OF THE FORTHCOMING GENERAL HEDGE ACCOUNTING REQUIREMENTS WHICH WILL BE ADDED TO IFRS 9 *FINANCIAL INSTRUMENTS*.

The new hedge accounting requirements result from proposals published in the IASB Exposure Draft *Hedge Accounting* in December 2010 (or ED 208 *Hedge Accounting* issued by the Australian Accounting Standards Board (AASB)), as part of the third phase of the IASB's project to replace IAS 39 *Financial Instruments: Recognition and Measurement*.

The review draft will remain on the IASB's website until early December 2012, after which time the IASB intends to proceed with issuing the review draft as the final document. The document is being made available for information purposes so that constituents can familiarise themselves with the document and the **IASB is not seeking any comments**.

Improvements

The aim of the new hedge accounting model is to better reflect the effect of an entity's risk management activities in the financial statements.

The new model is more principles-based, less complex and provides a better link to an entity's risk management activities than the current IAS 39 hedge accounting model. The new model also allows entities to apply hedge accounting more broadly to manage profit or loss mismatches and improve 'artificial' hedge ineffectiveness created from the current IAS 39 model. Under the new model, entities with significant **economic hedging activities** would be able to better reflect their risk management activities in their financial statements.

Highlights

Highlights of the changes in the new model include:

- Simplifying effectiveness testing – removal of the 80-125 per cent prospective and retrospective quantitative test
- Allowing more items to qualify as eligible hedged items:
  - Risk components of non-financial items - e.g. entities can designate the crude oil component of jet fuel or a specified benchmark price component in supply/purchase agreements as the hedged item
  - Allowing entities to be able to apply hedge accounting more effectively when two risks arising from a single exposure (e.g. interest rate risk and foreign exchange rate risk arising from a foreign currency debt) can be managed separately using two derivatives over different time periods
  - Allowing entities to designate forecast offsetting foreign currency cash inflows and outflows as one net position cash flow hedge
- Less profit or loss volatility for entities using options and/or forwards as hedging instruments
- Alternatives to hedge accounting available to manage an 'accounting mismatch' for economic hedges of credit risk and 'own use' contracts.

IN THIS EDITION

In this month's newsletter, we look at the new hedging requirements, ASIC's proposals for effective disclosure in an operating and financial review and other recent releases. We also continue our 'Blind Freddy' series, looking at more common income tax errors and further examine company disclosures about the impact of the new consolidation, joint arrangements and fair value standards.

Who will benefit?

Entities engaging in economic hedging activities are likely to more easily qualify for hedge accounting and could benefit substantially from the new model, resulting in reduced 'artificial' volatility in profit or loss.

Entities likely to benefit most from the new requirements include:

- Corporates in the mining and natural resources, airlines, agriculture and other commodities industries
- Entities with significant foreign currency transactions or foreign source funding that use derivatives to manage risk in their business activities.

Main changes

The table below provides a high level summary of the main changes in the new hedge accounting model compared to IAS 39 today.

	IAS 39 REQUIREMENT	NEW REQUIREMENT
Hedge effectiveness testing	Must meet the quantitative retrospective and prospective hedge effectiveness assessment within the 80-125 per cent threshold to qualify for hedge accounting.	• Retrospective effectiveness testing is no longer required • Permits qualitative hedge effectiveness test. Must meet three criteria to qualify for hedge accounting: – An economic relationship must exist between the hedged item and the hedging instrument – The effect of credit risk does not dominate the fair value changes – Hedge ratio shall be designated based on actual quantities of hedge item and the hedging instruments.
Rebalancing (new concept)	If hedge ratio is adjusted for risk management purposes (i.e. if the actual quantities of the hedged item or hedging instrument changes) must de-designate (terminate) the current hedge relationship and re-designate (start) a new hedge relationship.	If the quantity of the hedged item or hedging instrument changes for risk management purposes, the hedge ratio for hedge accounting purposes must also change, i.e. must adjust the hedge ratio prospectively if the hedge ratio is adjusted for risk management purposes.
Risk components for non-financial items	Not an eligible hedged item.	Eligible hedged item if the risk component is separately identifiable and reliably measurable.
Aggregated exposures	Derivatives cannot be designated as a hedged item. Therefore, any exposure that contains a derivative cannot be designated as a hedge item.	Can designate an exposure that combines a derivative and a non-derivative (known as an aggregated exposure) as a hedged item, provided that aggregated exposure is managed as one exposure.
Discontinuation	Can discontinue hedge accounting at any time.	Voluntary discontinuation not permitted. Can only discontinue where the qualifying criteria are no longer met.
Inflation risk	Inflation risk is not an eligible risk component unless it is contractually specified.	Rebuttable presumption that non-contractually specified inflation risk will not usually qualify as an eligible hedged item.
Own use contracts	Contracts for the sale or purchase of a non-financial item that are for 'own use' are outside the scope of IAS 39.	Option to account for 'own use' contracts at fair value through profit or loss if it eliminates an accounting mismatch.
Hedges of groups	Groups permitted only if the fair value of the items in the group move approximately in proportion to the fair value of the group as a whole.	Restriction removed.
Fair value hedge of a group with offsetting positions	Not allowed.	Allowed.
Cash flow hedge of a group with offsetting positions	Not allowed.	Allowed for foreign exchange risk (FX). Hedge documentation at inception must specify the nature and amount.
Hedges of credit risk using credit derivatives	General criteria for risk component apply. No specific exception.	Can elect to account for a loan or loan commitment at fair value through profit or loss (FVTPL) at any time and for a proportion of the instrument. The election can also be revoked.
Equity investments at fair value through other comprehensive income (FVTOCI) under IFRS 9	N/A	Eligible hedged item. Ineffectiveness recorded in other comprehensive income (OCI).
Time value of options	When the intrinsic value component of the option is designated as the hedging instrument, the changes in the time value component of the option is recognised in profit or loss like a trading gain or loss.	The initial time value component of the option is deferred in OCI and the subsequent changes in time value are recognised in OCI. The initial amount deferred in OCI is either amortised to profit or loss or capitalised into the hedged item depending on the nature of the hedged item.
Forward points in forward contracts	When the spot element is designated as the hedging instrument, the changes in forward points are recognised in profit or loss like a trading gain or loss.	Option to defer the initial forward points in OCI and recognise the subsequent changes in OCI. The initial amount deferred in OCI is amortised over the life of the hedging transaction.
Cash instruments measured at FVTPL	Only derivatives can be designated as hedging instruments (except that cash instruments measured at amortised cost can be a hedging instrument for hedging FX).	Cash instruments measured at FVTPL can also be eligible hedging instruments.

While there are some fundamental changes to the hedge accounting model, as summarised in the table above, the mechanics of hedge accounting remain largely unchanged. Specifically:

- The new model retains the cash flow, fair value and net investment hedge accounting mechanics
- Entities are still required to measure hedge effectiveness and recognise any ineffectiveness in profit or loss
- Hedge documentation is still required
- Hedge accounting remains optional.

Disclosures

The new model would require disclosures of information on risk exposures being hedged and for which hedge accounting is applied (scope). It requires:

- Description of the risk management strategy
- Disclosure of information about the notional amount, timing of the cash flows and the average price or rate of the hedging instrument.

Application dates and early adoption

The new requirements apply prospectively for annual periods beginning on or after 1 January 2015. There is an exception for time value of options and forward points, where retrospective application applies. Early adoption is permitted, however the entity must also early adopt the other previously finalised requirements in IFRS 9 (e.g. classification and measurement and derecognition).

The new model is more principles based and therefore more judgement is likely to be involved in applying the new model e.g.:

- Determining whether a risk component is separately identifiable and reliably measurable
- Determining whether an economic relationship exists between the hedged item and the hedging instrument.

It is also likely that it will take entities time to understand how the new model will apply to their economic hedges and identify any processes and systems that might require change.

For entities with significant economic hedging activities that are thinking about adopting early we encourage you to first familiarise yourself with the new model, and assess its impact, effects and costs vs. benefits.

AASB 9 *FINANCIAL INSTRUMENTS* DEFERRED

THE AUSTRALIAN ACCOUNTING STANDARDS BOARD (AASB) HAS MADE OFFICIAL WHAT WE HAVE KNOWN FOR A WHILE, THE APPLICATION DATE FOR THE NEW FINANCIAL INSTRUMENTS STANDARD HAS BEEN DEFERRED.

In December 2011, the International Accounting Standards Board (IASB) issued *Mandatory Effective Date Transition Disclosures* that deferred the application date of IFRS 9 *Financial Instruments* from annual periods beginning on or after 1 January 2013 to annual periods beginning on or after 1 January 2015 so that all phases of their financial instruments project, i.e. classification and measurement, hedging and impairment could have the same application date.

The Australian Accounting Standards Board (AASB) has similarly deferred the application date of AASB 9 *Financial Instruments* in amending standard AASB 2012-6 *Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures*.

ASIC SEEKING COMMENT - EFFECTIVE DISCLOSURE IN AN OPERATING AND FINANCIAL REVIEW

THE AUSTRALIAN SECURITIES AND INVESTMENTS COMMISSION (ASIC) RECENTLY ISSUED CONSULTATION PAPER 187 *EFFECTIVE DISCLOSURE IN AN OPERATING AND FINANCIAL REVIEW* THAT PROPOSES GUIDANCE FOR LISTED ENTITIES AND THEIR DIRECTORS ON THE OPERATING AND FINANCIAL REVIEW (OFR) IN A DRAFT REGULATORY GUIDE (DRAFT GUIDE) OF THE SAME NAME. ASIC ARE SEEKING COMMENTS BY 23 NOVEMBER 2012 AND HOPE TO ISSUE FINAL GUIDANCE IN TIME TO ASSIST DIRECTORS FOR THE 30 JUNE 2013 REPORTING SEASON. ASIC DOES NOT EXPECT COMPANIES TO START USING THE GUIDANCE DURING THE CONSULTATION PROCESS.

Background

The OFR is required to be included as part of a listed entity's annual report by section 299A of the Corporations Act 2001. Section 299A requires information that members would reasonably require to make an informed assessment of the operations and financial position of the entity reported on and the business strategies and prospects for future financial years. Section 299A(3) allows information to be omitted from the OFR if it is likely to result in 'unreasonable prejudice' to the entity.

Frequent use of 'prejudicial exemption'

ASIC has expressed concern on the quality of listed entity OFRs during their surveillance programmes, particularly with respect to the frequent use of the 'prejudicial exemption'. They noted that the 'prejudicial exemption' is often being used to exclude information from the OFR when information had been made available to the market in other forms such as investor presentations and analyst briefings.

Room for improvement

ASIC also notes that there is room for listed entities to improve the quality of information included in their OFRs. ASIC Commissioner, John Price, said in the media release that accompanied the release of this Draft Regulatory Guide: 'While other documents like investor presentations and analyst briefings also provide important information for investors, these are generally presented as slide shows without supporting narrative and are not a substitute for providing information that is all in one place and accessible with the annual report.'

The Draft Guide therefore aims to:

- Assist directors' understanding of the section 299A OFR requirements
- Promote better communication of useful and meaningful information to investors.

Preparing an OFR

Section 299A was introduced to address the lack of contextual information explaining the results included in an entity's annual report. **The OFR should therefore focus on the information needs of people who are not expert in reading financial reports.**

It is also important to note that the focus of the OFR is different to continuous disclosure. The purpose of continuous disclosure is to ensure that the market is kept informed about price-sensitive information whereas the purpose of periodic disclosure (and the OFR) is to provide a summary for the period of the financial position and operations as well as key developments that have occurred during the period and future prospects. **Continuous disclosure should therefore not be viewed as a substitute for the OFR**.

The OFR should include:

- An analysis of the underlying drivers of, and reasons for, the entity's performance rather than simply restating information
- A narrative relevant to the operating segments disclosed in the financial report.

It was noted, however, that the level of disclosure is less than what is expected in a prospectus.

Operations and financial position

This section of the OFR needs to explain the underlying drivers of, and reasons for, financial performance and position for the reporting period.

For example, the discussion on financial **performance** needs to include significant factors affecting:

- Total income and income by operating segment – e.g. new businesses, new major products, new markets, new competitors, business acquisitions, discontinued operations, changes in foreign exchange rates, etc.
- Overall expenses and expenses by operating segment – e.g. reasons for impairments (or reversals), restructuring costs, etc.

Instead of 'stating the obvious' about things that are evident from the financial statements such as 'Revenue has increased by X per cent since the previous period', the discussion will be more meaningful if it includes reasons for major changes.

The discussion about the entity's **financial position** might include:

- Significant changes in assets and liabilities from business acquisitions and disposals
- Changes in funding or dividend strategy
- Going concern issues/uncertainties
- Off-balance sheet items.

Some of these items may have already been discussed in past continuous disclosure announcements but it is important that relevant details are repeated in the OFR so that a lay reader that is not an expert in reading financial reports can understand the entity's performance for the period and financial position without having to sift through, and piece together, multiple ASX announcements.

Remember to refer to Regulatory Guide 230 *Disclosing non-IFRS financial information* if including non-IFRS financial information in the OFR.

The Draft Guide also includes practical examples of inadequate and appropriate disclosure.

Business strategies and future prospects

This section should discuss the overall business strategies and prospects for future financial years and describe how these will impact future financial performance and condition. It should also discuss the risks from these strategies and how they could adversely affect the financial performance and condition.

This is usually the section where the 'prejudicial exemption' is being overused. Note that this exemption cannot be used where information is already in the public domain (whether released by the entity or otherwise). The Draft Guide provides guidance on how to determine whether an 'unreasonable prejudice' is likely.

Section 299A is silent on a timeline for disclosing business strategies and future prospects, however, the Draft Guide notes that reference to 'future financial years' (plural) in section 299A indicates that the discussion should not be limited to the next financial year.

The Draft Guide also notes that **key business strategies** should be discussed, e.g. intention to develop or discontinue products, plans to enter new markets or expand production capacity, plans to raise funds to acquire assets, etc. and that in most cases, preparers should be able to provide this level of information without causing unreasonable prejudice to the entity. The Draft Guide gives an example where it should be possible to sensibly discuss a price discounting strategy without providing details of the exact discount amount.

Presentation and analysis

In order to maximise usefulness to all users the OFR should be presented in a single, self-contained section in the annual report rather than being spread out in different places which could make it difficult for readers to find. Information should be complementary and consistent with information presented in the financial report and continuous disclosure releases and should be balanced (i.e. good and bad 'news') and unambiguous. It should also be presented in a clear, concise and effective manner, using plain language to explain complex issues. In this regard, some entities may wish to relook at their OFRSs and consider whether key information required by section 299A is being lost in the volumes of information that is not required.

RDR UPDATE

THE AUSTRALIAN ACCOUNTING STANDARDS BOARD (AASB) HAS ISSUED ANOTHER ROUND OF REDUCED DISCLOSURE REQUIREMENTS (RDR) AMENDMENTS IN AASB 2012-7 *AMENDMENTS TO AUSTRALIAN ACCOUNTING STANDARDS ARISING FROM REDUCED DISCLOSURE REQUIREMENTS*. THE MAIN 'DISCLOSURE SAVINGS' RELATE TO AASB 7 AND AASB 12 AS FOLLOWS:

AASB 7 Financial Instruments: Disclosures

Much of the extensive disclosures for transfers of financial assets introduced by AASB 2010-6 *Amendments to Australian Accounting Standards – Disclosures of Transfers of Financial Assets* is not required for RDR.

AASB 12 Disclosure of Interests in Other Entities

RDR does not require all the disclosures relating to:

- Risks associated with an entity's interests in consolidated structured entities
- Interests in unconsolidated structured entities (including nature of interests and nature of risks)
- Summarised financial information for subsidiaries, joint ventures and associates.

IFRIC AGENDA DECISIONS

AT THEIR SEPTEMBER 2012 MEETING, THE INTERPRETATIONS COMMITTEE REACHED THE FOLLOWING AGENDA DECISION, WHICH MEANS THAT THEY WILL NOT BE ADDING THIS PROJECT TO THEIR AGENDA:

Purchase of right to use land

The Interpretations Committee received a request to clarify whether the purchase of a **right to use land** should be accounted for as a:

- Purchase of property, plant and equipment
- Purchase of an intangible asset
- Lease of land.

The fact pattern submitted related to a country where the laws and regulations did not permit entities to own freehold title to land (e.g. China). Instead, entities could only purchase the right to exploit or build on land.

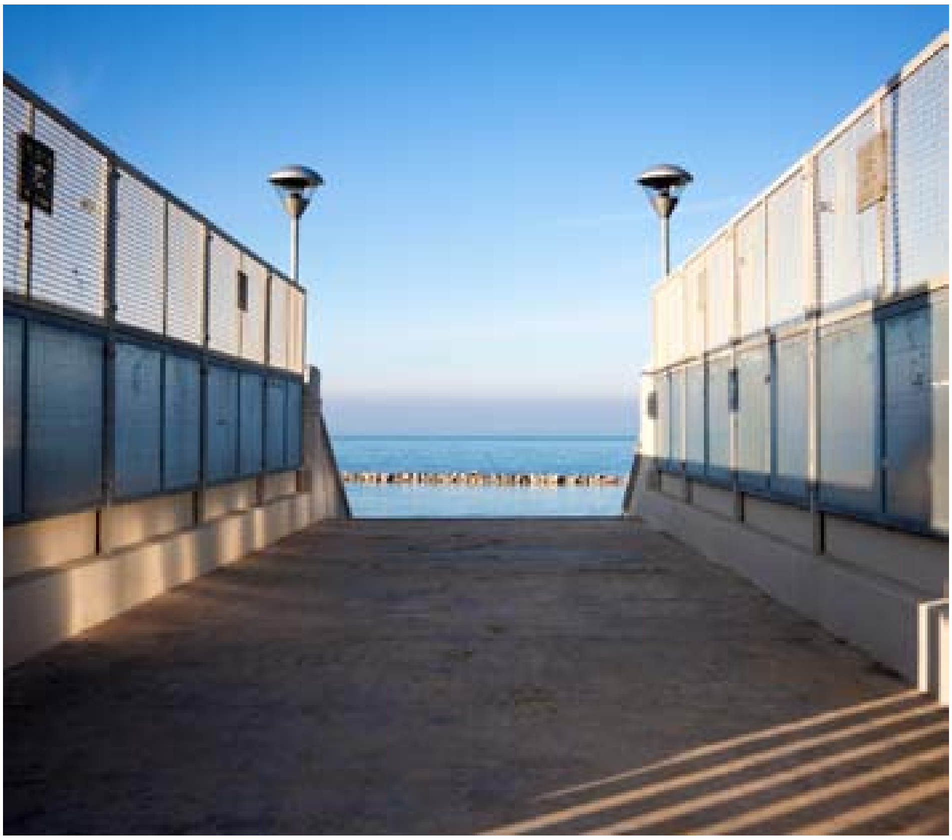
The Interpretations Committee identified characteristics of a **lease** in the fact pattern considered, in accordance with the definition of a lease as defined in IAS 17 *Leases*. They noted that a lease could be indefinite via extensions or renewals and, therefore, the existence of an indefinite period does not prevent the 'right to use' from qualifying as a lease in accordance with IAS 17.

They also noted that the lessee has the option to renew the right and that the useful life for depreciation purposes might include renewal periods. Judgement will need to be applied in making the assessment of the appropriate length of the depreciation period.

NEW CONSOLIDATION, JOINT ARRANGEMENTS AND FAIR VALUE STANDARDS – STORM IN A TEACUP? - CONTINUED

IN LAST MONTH'S ACCOUNTING NEWS, WE LOOKED AT WHAT 30 JUNE 2012 LISTED COMPANIES HAD DISCLOSED IN THEIR ANNUAL REPORTS ABOUT THE IMPACTS OF AASB 10 *CONSOLIDATED FINANCIAL STATEMENTS*, AASB 11 *JOINT ARRANGEMENTS*, AND AASB 13 *FAIR VALUE MEASUREMENT*.

Following on from last month's article, we expected that AASB 11 *Joint Arrangements* might have an impact on entities in the mining sector and explorers where joint arrangements are common. However, many of these entities had not yet lodged their annual reports so we were unable to assess the extent and quality of their disclosures.



We have subsequently reviewed the disclosure of two bigger miners, BHP Billiton Limited and Newcrest Mining Limited, in their annual reports lodged late September and found the following:

BHP Billiton Limited (BHP)

BHP appears to have performed a detailed impact analysis of AASB 11, disclosing information as follows:

- Arrangements that no longer meet the definition of unanimous consent
- Arrangements that meet the definition of joint operation under IFRS 11 (AASB 11) and will continue to be accounted for using the line by line consolidation method (proportionate consolidation)
- Arrangements that do not fall within the scope of either IFRS 10 (AASB 10) or IFRS 11 (AASB 11) and will be accounted for under other IFRSs.

Arrangements that no longer meet the definition of unanimous consent

Their Antamina, Cerrejón, Newcastle Infrastructure Group, Cleopatra Oil Pipeline and Caesar Oil Pipeline arrangements no longer meet the definition of unanimous consent under IFRS 11 (AASB 11) and therefore will be accounted for under the requirements of the revised IAS 28 (AASB 128) *Investments in Associates and Joint Ventures*. Their Samarco and Richards Bay Minerals arrangements will be classified as joint ventures under IFRS 11 (AASB 11) and therefore will be accounted for under the requirements of the revised IAS 28 (AASB 128) *Investments in Associates and Joint Ventures*.

They also disclose the implications of this, i.e. that the group will no longer be able to recognise its proportionate share of the revenue, expenses, assets, liabilities and cash flows of each of the above operations and that, commencing 1 July 2013, the group will recognise its share of net assets on a single line in the Consolidated Balance Sheet, and will recognise its share of net profit on a single line in the Consolidated Income Statement and cash flows from dividends in the Consolidated Cash Flow Statement. However, despite 30 June 2012 being transition date, BHP have **not quantified** the impact on the relevant line items in the financial statements when IFRS 11 is first adopted.

Arrangements that meet the definition of joint operation under IFRS 11 (AASB 11) and will continue to be accounted for using the line by line consolidation method (proportionate consolidation)

BHP also identify the Petroleum Joint Arrangements (including Onshore US), Alumar, Worsley, Central Queensland Coal Associates, Gregory, Guinea Alumina, Mozal and Phola Coal Processing as joint arrangements that will meet the definition of joint operations under IFRS 11, and as a result, the group will continue to recognise its share of assets, liabilities, revenues, expenses and cash flows.

Arrangements that do not fall within the scope of either IFRS 10 (AASB 10) or IFRS 11 (AASB 11) and will be accounted for under other IFRSs

BHP identify that the WAIO and EKATI contractual arrangements do not fall within the scope of either IFRS 10 (AASB 10) or IFRS 11 (AASB 11) and as a result, these operations will be accounted for under other IFRSs. The group will continue to recognise its share of revenues, expenses, assets, liabilities and cash flows on a line by line basis in the financial statements.

Newcrest Mining Limited (Newcrest)

By contrast Newcrest stated that they have yet to determine the impact of AASB 11 *Joint Arrangements* on their financial statements when it is first adopted.

Other larger miners

Most of the other larger miners by market capitalisation were also non-committal, either saying they were continuing to assess the impact or they did not expect a material impact.

Smaller explorers

From the significant number of explorers that we signed audit reports for in late September, we also noticed a trend of not being very far down the track of analysing AASB 11 impacts.

Conclusion

In summary, our further research indicates that other than a gold star for BHP's disclosures, Australian listed miners and explorers do not appear to have made much progress with determining the financial impact of AASB 11 *Joint Arrangements*. Given that the transition date for both 31 December and 30 June balancing companies has now passed (1 January 2012 and 1 July 2012 respectively), we urge companies to commence a detailed impact assessment as soon as possible.

BLIND FREDDY – INCOME TAXES - CONTINUED

LAST MONTH'S BLIND FREDDY ARTICLE ON ACCOUNTING FOR INCOME TAXES RAISED COMMENTS FROM TAX EXPERTS AS TO THE ACCURACY OF OUR ASSERTION THAT "ASSUMING THE COMPANY DOES NOT OPERATE IN A JURISDICTION WITH A TAX RATE BELOW 30 PER CENT, AND THE ENTITY IS NOT BRINGING TO ACCOUNT LOSSES PREVIOUSLY UNRECOGNISED, IF AASB 112 IS BEING APPLIED CORRECTLY, THE EFFECTIVE TAX RATE SHOULD BE SLIGHTLY ABOVE 30 PER CENT."

This is a general 'rule of thumb'. Some entities have a genuine reason for having a tax rate lower than 30 per cent, for example, where there is:

- R&D concessions on qualifying expenditure
- Non-assessable, non-exempt income and expenditure (NANE).

We also received comments from tax experts with regard to our statement that 'Common errors when applying AASB 112 include:

- Not recognising a deferred tax liability (DTL) for profits in an overseas associate
- Not recognising a DTL on profits in an overseas subsidiary when the group's intention is to repatriate these profits to Australia.'

To clarify, these would only be errors where a DTL is not recognised, if in repatriating these overseas earnings to Australia, there are tax consequences as a result of applying Australian and International Tax laws. If there would be no tax consequences from repatriating overseas earnings, then failing to recognise a DTL, in such cases, would not be an error.

Other common errors/issues

Application of AASB 112 also gives rise to some unexpected 'mismatches' when revaluing property, plant and equipment (PPE) or available-for-sale (AFS) financial assets.

When PPE or AFS assets are revalued, the revaluation increment is recorded in a revaluation reserve or AFS reserve rather than in the income statement.

AASB 112 requires that a deferred tax liability be recognised in respect of this revaluation. However the corresponding debit entry goes to the corresponding reserve, not the income statement.

Example

Co A revalues AFS by $1,000

Entries:

Dr AFS	$1,000	
Cr AFS reserve		$1,000
Dr AFS reserve	$300	
Cr DTL		$300

There are many circumstances where the entity concerned is in a loss making situation and only recognises deferred tax assets (DTA) arising from losses to the extent that deferred tax liabilities have been recognised.

In the above example if Co A was loss making and only recognising deferred tax liabilities it would make the following entry:

Dr DTA	$300	
Cr Income statement		$300

If the AFS were subsequently sold for their revalued amount, the revaluation is recycled to the income statement as follows:

Dr AFS reserve	$1,000	
Cr Profit		$1,000
Dr DTL	$300	
Cr AFS reserve		$300
Dr Income tax expense	$300	
Cr DTA		$300

It should be noted that in certain circumstances, if the AFS asset is an overseas asset held by the Australian entity, a DTL may not be recognised on revaluation as the Australian entity is not subject to capital gains on certain overseas assets. Again, Australian and International Tax laws need to be considered. Given the complex nature of this type of investment and tax treatment, it is recommended that this be clarified with your BDO Tax Partner so that the correct impact is correctly recognised and brought to account.

COMMENTS SOUGHT ON EXPOSURE DRAFTS

At BDO, we provide comments locally to the AASB and internationally to the IASB. We welcome any client comments. If you would like to provide any comments, please contact Wayne Basford.

DOCUMENT	PROPOSALS	COMMENTS DUE TO AASB BY	COMMENTS DUE TO IASB/ INTERPRETATIONS COMMITTEE BY
ITC 27 *Request for Comment on IASB Request for Information on Post-Implementation Review: IFRS 8 Operating Segments*	This post-implementation review is part of the IASB's due process to review major new standards, or significant amendments to existing standards, two years after the standard has been applied internationally.	11 October 2012	16 November 2012
ED 226 *Withdrawal of Australian Interpretation 1039 Substantive Enactment of Major Tax Bills in Australia*	Proposes to withdraw Australian Interpretation 1039 *Substantive Enactment of Major Tax Bills in Australia.*	19 November 2012	N/A
ED 227 Proposed Amendments to AASB 1049 – Extension of Transitional Relief for the Adoption of Amendments to the ABS GFS Manual relating to Defence Weapons Platforms	Proposes to amend AASB 1049 *Whole of Government and General Government Sector Financial Reporting* to provide a further two year period of transitional relief from the requirements to measure defence weapons platform assets at fair value. ED 227 will allow additional time to address complexities involved in determining defence weapons platform asset fair values.	19 November 2012	NA

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