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Mr Bruce Donald
Secretary
Financial Reporting Council
c/ The Treasury
Langton Crescent
PARKES ACT 2600

By email: frcsecretary@treasury.gov.au

31 July 2012

Dear Sir

Managing Complexity in Financial Reporting

KPMG is pleased to respond to the Financial Reporting Council ("FRC") in relation to the Managing Complexity Task Force ("Task Force") report *Managing Complexity in Financial Reporting* ("Report").

Our position as a global professional services firm allows us detailed insights into financial reporting and the complexities surrounding it. We are delighted to be part of the discussion around managing and reducing financial reporting complexity, and welcome the opportunity to continue to support the Task Force in its endeavours.

Overarching comments

We refer to our previous submission dated 22 July 2011 to the FRC *Reducing Complexity Taskforce,* noting relevant consultations and discussion papers on dimensions of complexity in financial reporting. Continuing concerns that financial reports and auditor reporting are not meeting the information needs of users have given rise to more recent discussion papers and reports. The most relevant of these for the Task Force would appear to be:

- EFRAG Discussion Paper *Towards a Disclosure Framework for Notes*, July 2012

  The discussion paper sets out key principles for and features of a Disclosure Framework.

- FASB Discussion Paper *Disclosure Framework*, July 2012

  The discussion paper describes improvements needed in the financial statements and possible ways to address these required improvements.

- IAASB Invitation to Comment Improving the auditor's report, June 2012

  The invitation to comment sets out the indicative direction proposed for the future auditor's report based on the Board's research.

- IAASB Feedback Statement *The evolving nature of financial reporting: Disclosure and its audit implications*, January 2012

  The feedback statement summarises responses received on the issues and challenges around financial reporting disclosures.

- UK FRC Paper *Effective Company Stewardship: Next Steps*, September 2011

  This paper provides feedback on the responses that the UK FRC has received in response to its consultation, together with the steps that it now proposes to take in regards to how companies could improve the way they report to their shareholders.

- International Integrated Reporting Committee's ("IIRC") Discussion Paper *Towards Integrated Reporting: Communicating Value in the 21st Century*, September 2011

  The discussion paper considers the rationale for Integrated Reporting, offers initial proposals for the development of an International Integrated Reporting Framework, and outlines the next steps towards its creation and adoption.

Complexity in financial reporting is clearly a global challenge requiring a global solution. We believe that the FRC will continue to derive value from reviewing these papers and the responses to them, to ensure any actions considered by the FRC are aligned with proposed actions by the IAASB, IASB, and other standard setters and regulators across the globe.

Managing complexity in financial reporting is a necessary focus; however we should not lose sight of the need to reduce complexity as the ultimate goal. We see the task of reducing complexity as a complicated long-term project that needs to be broken down into a series of smaller staged goals.

We agree with the Task Force that substantive actions to reduce complexity are not necessarily within the powers of the FRC. Therefore, we encourage the Task Force to identify ways to engage with and influence the international standard setters and Australian regulators. It is important that Australia is closely involved in designing solutions to complexity to ensure they are appropriate for our jurisdiction.

There are some powerful disincentives to change beyond the sources of complexity noted in the Report. The actions of regulators influence the behaviour of both preparers and auditors, with the current regulatory framework leading to a focus on completeness of disclosures as opposed to the materiality or relevance of disclosures. Any plans to manage complexity will need the full "buy-in" of securities and audit regulators to successfully change behaviour.

Further, significant differences in levels of stakeholder education and financial literacy create disparate reporting needs which the reporting model struggles to meet. We believe that improving stakeholder education should be a key area of focus, as different levels of stakeholder understanding are driving some of the complexity.

Finally, one significant item that needs to be defined and applied consistently is the concept of materiality and how it applies to disclosures. We therefore support initiatives aimed at helping preparers and auditors shift the focus of disclosures from completeness to relevance and understandability. To make significant progress in this area, guidance on disclosures and assessing their materiality needs to be developed.

Our detailed responses to the questions in the Report are included below and were evaluated and considered in the context of the principles set out above.

Please contact myself or Martin McGrath on 02 9335 7630 if you wish to discuss any of the issues raised in this letter.

Yours faithfully,

Geoff Wilson

CEO

Response to specific questions

1. **Are there any additional sources of reporting complexity which should be considered by the Task Force and the FRC, and if so, what?**

The Report highlights some key sources of reporting complexity. Additional sources include:

- *Stakeholder understanding*

  There are significant differences in levels of stakeholder education and financial literacy, resulting in disparate reporting needs. The current 'one size fits all' reporting model is not able to meet this expectation.

  This is a significant issue both in Australia and also from a global perspective, and is both a driver of complexity and a bi-product of complexity in financial reporting.

  Differing education levels can be a driver of complexity due to entities striving to explain their results and operations to different sets of users. We have observed numerous documents being produced by companies targeting different user needs.

  Additionally, we note that disclosures contained within reporting documents that may add to the complexity of financial reporting, are often a direct response to a request from a user or group of users.

- *Globalisation*

  Entities listed in multiple jurisdictions are exposed to diverse regulatory frameworks with conflicting and duplicating requirements, often requiring the same results to be lodged multiple times in different formats.

- *Regulatory activity*

  The actions of regulators influence the behaviour of both preparers and auditors. Any plans to manage complexity by focusing on the understandability rather than the completeness of disclosures will need the full "buy-in" of securities and audit regulators. We believe the current regulatory framework leads to a focus on completeness of disclosures in order to avoid being second guessed with respect to the significance or relevance of any omitted disclosures.

- *Lack of resources*

  A consequence of the Global Financial Crisis ("GFC") is enhanced pressure on finance teams and others involved in the financial reporting process. This appears to be partly a result of finance teams being leaner and also due to increased reporting complexities as a direct result of the GFC.

  Time constraints generally result in financial reporting preparers rolling forward last year's financial statements – meaning disclosures are less likely to be critically re-evaluated and removed, only added to.

  Change is mainly driven when those charged with governance set an expectation and tone for change throughout the organisation. Without a clear strategy and direction from Audit Committees and Boards, there is little incentive for preparers to invest in substantial disclosure change. This is exacerbated by the "completeness" focus noted above.

  We encourage the Task Force to consider initiatives that focus on the role of all stakeholders in the financial reporting process, including those who set the tone for change.

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2. Do you agree with the Task Force's conclusion that complexity is inevitable in the short-term and accordingly that efforts should be concentrated on strategies to assist stakeholders to better manage this complexity?

We agree with the Task Force's conclusion that complexity is inevitable in the short-term. However, we also believe that complexity is inevitable in the medium to long-term. This is a consequence of the source of the complexity and the fact that this appears intrinsically linked to local regulatory and global financial reporting frameworks.

Concentrating efforts on better management of complexity, whilst important, should be considered as an initial and interim step. We do not believe that this should be at the cost of the ultimate goal of reducing complexity.

3. Do you have any comments on the strategies to better manage complexity as suggested by the Task Force?

a) *Make better use of developments in information technology and delivery*

Whilst we agree that new technologies may appear to offer ways of managing increasing volumes of reporting, this by itself will not significantly impact the complexity currently faced in financial reporting.

Further utilisation of technologies to 'unbundle' financial reports may have the unintended impact of increasing complexity. For example, it may prove hard to identify when data has been updated if it is carried forward year on year. Critically, an audit opinion is given on the financial statements taken as a whole, so unbundling into various segment and user reports will present the user with difficulties in identifying which items of the carved up financial statements have been subject to audit or review.

b) *Address legal impediments to preparers determining relevant material disclosures*

We agree with the Task Force that there is a need to better define the concept of materiality, to encourage better disclosure rather than greater volume of disclosures. See our comments in d) below supporting development of a global accounting disclosure framework. We believe this, coupled with explicit regulatory support, would help to reduce complexity by encouraging focus on understandability and relevance rather than completeness.

c) *Empower users through delivery of financial information via XBRL*

XBRL is a useful tool for financial reporting and as in point 1 above could help manage increased volumes of reporting. XBRL may aide the user in navigating through financial reports. However as noted in the Report, this tool is already in use in the US, UK, Singapore, Japan and several other countries. Preparers and users of financial reports in these countries still endure the same complexity-related issues as Australia.

Our view is that the focus of the Task Force should be on the sources of complexity, not the mechanism of information delivery.

d) *Develop guidelines that encourage more use of financial reporting terms and definitions*

One significant item that needs to be defined and applied consistently is the concept of materiality and how it applies to disclosures. This view is supported in the recent "*Towards a Disclosure Framework for the Notes*" discussion paper released in July 2012 by EFRAG.

There is no explicit guidance as to how materiality applies to disclosures that are required by specific IFRSs. Accordingly in practice, if the related account balance or class of transaction is material, then the disclosure items required by the relevant accounting standard are likely to be included, even if they are determined to be of low relevance to users based upon the industry or circumstances of the entity.

In today's environment preparers and auditors tend to focus on the completeness of disclosures and are reluctant to have required disclosures omitted even when those disclosures are determined to be of low relevance to financial statement users. We believe that this is because of a concern that, in the absence of guidance, judgements will be questioned and therefore it is "safer" to focus on the completeness of disclosures in order to avoid being second guessed with respect to the relevance of any omitted disclosures.

We therefore support initiatives aimed at helping preparers and auditors shift the focus of disclosures from completeness to relevance and understandability. To make significant progress in this area, guidance on disclosures and assessing their materiality needs to be developed.

This may be achieved by the development of a global accounting disclosure framework that provides criteria for including disclosures in the financial statements and acknowledges the need to balance considerations relating to completeness, relevance and understandability in assessing the nature, extent and presentation of disclosures. We have written to the IAASB along these lines, encouraging them to fully engage with the IASB (KPMG IFRG Limited response to IAASB Discussion Paper *The Evolving Nature of Financial Reporting: Disclosure and Its Audit Implications*, 1 June 2011, attached).

The development of standard definitions for other financial reporting terms would:

- Ease some burden on users being able to understand financial reporting; and
- Assist users in accurately comparing the results of companies.

However, strongly encouraging entities to adopt such definitions does not remove the current complexities seen through a significant number of companies reporting measures using similar titles that are calculated on different basis, or from identical ratios being disclosed but calculated with a different reference point (i.e. per million hours v.s. per 200,000 hours).

e) *Urge the IASB to undertake reforms*

We endorse the AASB lobbying the IASB to establish a framework for presentation and disclosure (including specific guidance on the application of materiality to disclosures as mentioned above). To ensure effective lobbying by Australia in international policy setting the FRC should ensure that Australia has appropriate representation on significant and influential policy setting boards (e.g. IASB).

Reform of disclosure requirements is not the only reform required to reduce complexity. Reform would also be required to local Regulations and Listing Rules. For reporting complexity to be substantially reduced, regulatory frameworks globally need to be harmonised, to promote one consistent framework for financial reporting.

f) *Consider better ways of influencing the IASB*

We believe to fully harness our potential in influencing the IASB, Australia's resources need to be directed to best effect.

As mentioned above we encourage the FRC to ensure that Australia has appropriate representation on significant and influential policy setting boards and other powerful forums. Representation across such boards and in such forums will strengthen Australia's ability to influence the IASB, and increase Australia's voice and presence on a global stage.

4. Do you have any suggestions for the financial reporting terms and definitions that should be encouraged for development?

The use of Non-IFRS terms and definitions is an area of significant complexity in financial reporting and cause of confusion for users. The development of a standardised set of terms and definitions has the capacity to reduce complexity. However, convincing entities to adopt these standard definitions would be a significant challenge, given that the mismatch of definitions and terms stems from entities trying to tailor them to their specific facts and circumstances to aid in the explanation of certain events, transactions or results.

For standardised definitions and terms to be fully effective would require support from both global regulatory bodies and global accounting bodies to ensure a consistent approach and application.

Further to the points above, on a local Australian level we note that the concept of standardised non-IFRS terms and definitions would need to be discussed with ASIC and considered in conjunction with the requirements and intention of Regulatory Guide 230.

5. Please indicate 'quick wins' that you believe could be achieved in managed complexity, which could be delivered within the current Australian legislative framework and the IFRS.

We largely agree with the view held by EFRAG in their July 2012 discussion paper that "there are no quick fixes".

However we note the following two suggestions for your consideration:

a) Reconsider the scope of the Reduced Disclosure Regime ("RDR")

   Broadening the scope of the RDR, including increasing the scope for entities who can adopt it and also the disclosure exemptions allowed, may assist in managing complexity in the short term for some entities, until a reformed financial reporting framework is established.

b) UK Financial Reporting Lab

   The UK Financial Reporting Lab provides an environment where investors and companies can come together to develop pragmatic solutions to today's reporting needs:

   - As a learning space, companies can use the Lab to test new reporting formats with investors, and investors can indicate areas where management can add greater value through the information they provide.

   - As a hub to support innovation in reporting, the Lab's focus on gathering and sharing evidence from the market provides the broader corporate community with feedback from shareholders on the value that new reporting formats bring.

6. Are there any other issues the Task Force should consider?

The continued harmonisation efforts with non-IFRS nations (particularly the US) need to be considered to ensure any changes in financial reporting requirements designed to manage or reduce complexity do not adversely impact the harmonisation agenda.

As noted in our previous submission, the work being done in the area of Integrated Reporting in particular appears well aligned with many of the Task Force's areas of focus. We continue to believe that a better business reporting framework can help cut the clutter and create reporting efficiency, by providing an opportunity for organisations to communicate more clearly about important investment drivers.

KPMG's Better Business Reporting initiatives and publications suggest simple enhancements to financial statement disclosures which are easy to execute and which should enable a reduction in clutter and repetition, and an increase in clarity, with a view to eventually developing an integrated business report along the lines of the IIRC Discussion Paper.

KPMG actively supports the IIRC's pilot programme and has representatives on the FRC Integrated Reporting Working Group. We encourage the Task Force to explore ways in which the FRC can continue to support local and global Integrated Reporting initiatives to facilitate a reporting framework which better meets the needs of users.

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Contact Sylvia Smith

1 June 2011

Dear Sirs

IAASB Discussion Paper, *The Evolving Nature of Financial Reporting: Disclosure and Its Audit Implications*

We are pleased to have the opportunity to comment on the above Discussion Paper (DP) issued by the International Auditing and Assurance Standards Board ("IAASB"). This letter represents the views of KPMG International and its member firms.

The DP is thought provoking. We agree that the complexity, subjectivity and extent of financial statement disclosures have evolved in a way that poses many challenges in the preparation, auditing and user understandability of these disclosures. We agree that the IAASB has identified the key issues and challenges. Therefore we are very supportive of an initiative to address the evolving complexity of financial statement disclosures. However, we believe that this cannot be done solely by the IAASB; addressing the issues raised will require action by the International Accounting Standards Board ("IASB") and regulators, and support from investors and preparers. As the IAASB described in the DP when it solicited responses from these various stakeholder groups, this is not "just" an audit issue.

Our letter sets out our views on the issues identified in the DP and our recommendations on how the IAASB might move forward with this initiative. Specifically, we focus on the importance of fully engaging the accounting standards setters and regulators in order to address some of the challenges identified in the DP. We also provide our observations and recommendations as to where guidance in the International Standards on Auditing ("ISAs") can be enhanced to specifically address disclosures.

In this letter we focus on the reporting requirements of International Financial Reporting Standards ("IFRSs") as established by the IASB, but the issues and concerns raised by the IAASB in the DP and our responses apply equally to many national financial reporting frameworks that require a fair presentation (a "fair presentation framework").

Importance of fully engaging the IASB

IFRSs define notes to the financial statements as containing information in addition to that presented on the face of the financial statements and as "narrative descriptions or disaggregations of items presented in those statements and information about items that do not qualify for recognition in those statements."[1] Many IFRSs establish specific disclosure requirements. Additionally, paragraph 17 of IAS 1, *Presentation of Financial Statements* states that "in virtually all circumstances, an entity achieves a fair presentation by compliance with applicable IFRSs" and that a fair presentation also requires an entity to "provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance."

Under IAS 1.31, "an entity need not provide a specific disclosure required by an IFRS if the information is not material." In defining "material", IAS 1.7 states that "omissions or misstatements of items are material if they could, individually or collectively, influence the economic decisions that users make on the basis of the financial statements. Materiality depends on the size and nature of the omission or misstatement judged in the surrounding circumstances. The size or nature of the item, or a combination of both, could be the determining factor." The IASB's "exception" to providing disclosures and the definition of material above and in the Conceptual Framework refers to "information" or "items" and the relevance of the items to which the information relates. However, there is no explicit guidance as to how this definition applies to disclosures that are required by specific IFRSs and whether the reference to "information" for exceptions or "items" for the purposes of determining materiality is intended to be the disclosed information, or the account balance or transactions to which it relates. Accordingly in practice, if the related account balance or class of transaction is material, then the disclosure items required by the relevant accounting standard are likely to be included, even if they are determined to be of low relevance to users based upon the industry or circumstances of the entity.

We therefore concur with the suggestion in the DP, that in today's environment preparers and auditors tend to focus on the completeness of disclosures and are reluctant to have required disclosures omitted even when those disclosures are determined to be of low relevance to financial statement users. We believe that this is because of a concern that, in the absence of guidance, judgements will be questioned and that therefore it is "safer" to focus on the completeness of disclosures in order to avoid being second guessed with respect to the relevance of any omitted disclosures.

However, the focus on completeness is in many ways also encouraged by the standards themselves since many, in particular the more recently issued standards, include the objective of the disclosures and then include minimum detailed disclosure requirements. In the absence of a broader framework to guide application of such requirements to an entity's particular circumstance, entities and their auditors more likely will gravitate towards the completeness of detailed disclosure requirements. Some examples of disclosure requirements that we believe lead to an over-emphasis on completeness at the cost of relevance and understandability are IFRS 3, *Business Combinations* and IFRS 7, *Financial Instruments: Disclosures.* These

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[1] IAS 1, *Presentation of Financial Statements* paragraph 7 Definitions

standards set out the objective of the disclosures for preparers. However, the standards then go on to list numerous disclosures that shall be made with a requirement for additional disclosures if deemed necessary for the understanding. This tends to result in a "checklist" approach.

As we noted above, in practice, the materiality of a disclosure often is evaluated by reference to the quantitative materiality of the financial statement line item to which the disclosure relates. In some cases disclosures relate to line items that are material. However, all such disclosures may not be considered relevant to users in view of the industry or specific circumstances of the entity. For example property, plant and equipment disclosures may be material and relevant to certain entities (e.g. those involved in manufacturing or other capital intensive industries) but may be voluminous and less relevant to other entities (e.g. those involved in financial services). Similarly, some of the IFRS 7 disclosures are very significant and relevant for entities providing financial services and less relevant for entities that do not hold complex financial instruments.

We therefore support initiatives aimed at helping preparers and auditors shift the focus of disclosures from completeness to relevance and understandability. To make significant progress in this area, guidance on disclosures and assessing their materiality needs to be developed.

However, this is not an area that can be addressed effectively solely by the IAASB. We are very supportive of recent cooperation between the IASB and the IAASB. We recommend that the IAASB share the results of this consultation with the IASB. We also recommend that the IAASB encourage the IASB to work with other standard setters that currently are working on disclosures to undertake a project aimed at developing overarching guidance that enables preparers to assess the importance of required disclosures in specific IFRSs in view of the entity's specific circumstances and to omit them if they are deemed not necessary and do not have an impact on the fair presentation of the financial statements.

This may be achieved by the development of an accounting disclosure framework that provides criteria for including disclosures in the financial statements and acknowledges the need to balance considerations relating to completeness, relevance and understandability in assessing the nature, extent and presentation of disclosures. Such criteria may, for example, be based on the categories of disclosures described in the DP.

A framework also would provide important guidance to management, auditors and other stakeholders, including audit committees, in helping them make judgements with respect to the evaluation of materiality of individual disclosures and whether the financial statements as a whole achieve a fair presentation.

Importance of fully engaging the regulators and others

We agree with the DP that the actions of regulators influence the behaviour of both preparers and auditors. Any plan to move to a model that places more emphasis on the understandability of disclosures as opposed to completeness will need the full "buy in" of securities and audit regulators. We therefore recommend that the IAASB work with the International Organization of Securities Commissions ("IOSCO") and the International Forum of Independent Audit Regulators (IFIAR) to help ensure that the objectives of any future projects on disclosures are understood and accepted. It also would be helpful if the IAASB explored what action IOSCO and IFIAR could take to help reinforce acceptance of these objectives with its members.

We also recommend that the IAASB work closely with national auditing standard setters, in particular the US Public Company Accounting Oversight Board, to help ensure that any guidance developed is as globally consistent as possible.

Observations and recommendations as to where guidance in the ISAs can be enhanced to specifically address disclosures

Disclosures have always been considered to be an integral part of financial statements. The auditor evaluates whether the financial statements as a whole are prepared, in all material respects, in accordance with the requirements of the applicable financial reporting framework. This requires the auditor to evaluate whether the disclosures:

- include significant accounting policies selected and applied,
- are relevant, reliable, comparable, understandable, and adequate to enable the intended users to understand the effect of material transactions and events, and
- when prepared in accordance with a fair presentation framework, evaluate whether the financial statements achieve fair presentation.

As noted in the DP, financial statement disclosures have evolved to meet the changing needs of users of financial statements and to respond to the increased complexity of business models. This has led to introduction of disclosures that go beyond providing factual information about significant accounting policies, breakdown of account balances presented on the face of the primary financial statements or factual information about the entity. Some of these additional disclosures provide more information about significant assumptions and judgements made by management, they may relate to estimation uncertainty and sensitivity analysis and, as described in the DP, they may include information derived from systems outside traditional financial reporting systems.

Notwithstanding the evolution in types of disclosures required by financial reporting standards, the auditing requirements and guidance related to financial statement disclosures have not changed significantly over the same time period nor has application guidance been developed to address some of the related challenges identified within the DP.

In providing guidance and requirements, the ISAs do not differentiate between classes of transactions, account balances and disclosures. Auditors are expected to apply professional judgement in adapting requirements to these items. However, application of requirements relating to materiality, audit evidence and evaluation of misstatements to disclosures can be particularly challenging.

Further, the evolution of the categories of disclosures identified within the DP, such as judgments and reasons, assumptions/models/inputs, sources of estimation uncertainty/sensitivity, descriptions of internal processes, fair values, and objective-based disclosures has made application of existing audit requirements more judgmental.

Materiality is applied in planning and performing the audit and in evaluating the effect of identified misstatements. Currently ISA 320, *Materiality in Planning and Performing an Audit* discusses the determination of quantitative materiality based on relevant benchmarks such as assets, liabilities, revenues or profit as a starting point. However, such benchmarks may not always be directly relevant to disclosures, especially disclosures that are intended to provide additional information about account balances on the face of the primary financial statements, e.g., fair value disclosures, sources of estimation uncertainty/sensitivity analysis, assumptions/models/inputs.

In practice, professional judgement is required in applying materiality concepts to disclosures, especially since with disclosures qualitative factors affecting materiality usually play a more prominent role than quantitative factors. Therefore, we believe that auditors would benefit from guidance on the application of requirements in ISA 320 to disclosures.

Additionally, we believe that there would be benefit to providing auditing application guidance related to examples of the nature and types of procedures that may be performed to gain sufficient appropriate audit evidence for categories of disclosures such as descriptions of internal processes and judgements and reasons, aligned with the relevant assertions in ISA 315, *Identifying and Assessing the Risk of Material Misstatement Through Understanding the Entity and Its Environment*. In particular, we believe application guidance related to the nature and extent of audit procedures for disclosures of risk management policies and practices, stress testing, sensitivity analysis and complex models such as 'value at risk' would provide for more consistency in the application of auditing requirements.

Furthermore, in accordance with ISA 450, *Evaluation of Misstatements Identified during the Audit*, a misstatement in a disclosure would include a difference between the disclosure made (or omitted) and a disclosure that is either required by the financial reporting framework or determined to be necessary to enable users to understand the effects of material transactions and events or to achieve fair presentation. We believe that guidance on the aggregation of misstatements and evaluation of misstatements specifically for disclosures also would be beneficial.

Responses to consultation questions for auditors

Included in our letter above are our overarching comments in response to the DP. We have not provided detailed responses to the consultation questions for auditors within the DP. In considering responses to the specific consultation questions we noted that many times our responses would be to state the auditing requirements of the International Standards on Auditing or it would be necessary to have a detailed understanding of the entity, the industry in which the entity operates, the facts and circumstances of the related transaction, the users of the financial statements, the totality of the audit work performed, the relevance to the financial statements as a whole and other facts and circumstances in order to formulate responses to consultation questions related to specific disclosure categories or items.

Therefore, we have provided our overall responses and recommendations on how the IAASB might move forward with this initiative.

Please contact Sylvia Smith at +44 (0)20 7694 8871 if you wish to discuss any of the issues raised in this letter.

Yours truly,

KPMG IFRG Limited

KPMG IFRG Limited

cc: Jean Blascos, KPMG
Sir David Tweedie, IASB
Hans Hoogervorst, IASB
Ian Mackintosh, IASB