Accounting Standards Board
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November 12, 2009

International Accounting Standards Board
30 Cannon Street,
London EC4M 6XH,
United Kingdom

Dear Sirs,

Improvements to International Financial Reporting Standards, August 2009

This letter is the response of the staff of the Canadian Accounting Standards Board (AcSB) to the IASB's Exposure Draft on Improvements to International Financial Reporting Standards, dated August 2009.

The views expressed in this letter do not necessarily represent a common view of the AcSB, its Committees or staff. Views of the AcSB are developed only through due process.

We **support** all of the amendments to International Financial Reporting Standards proposed in the Exposure Draft. Answers to the specific questions in the Exposure Draft, together with a suggested clarification and a few minor editorial points, are included in the Appendix to this letter.

We would be pleased to elaborate on any of our comments in more detail if you require. If so, please contact Peter Martin, Director Accounting Standards at +1 416 204-3276 (e-mail peter.martin@cica.ca), Ian Hague, Principal Accounting Standards at +1 416 204-3270 (e-mail ian.hague@cica.ca), or Grace Lang, Principal Accounting Standards at +1 416 204-3478 (e-mail grace.lang@cica.ca).

Yours truly,

Peter Martin

Peter Martin, CA
Director
Accounting Standards

Appendix

AcSB Staff Comments on the IASB Exposure Draft, *Improvements to IFRSs,* August 2009

Responses to Specific Questions in the Exposure Draft

Question 1 – Do you agree with the Board's proposal to amend the IFRS as described in the exposure draft? If not, why and what alternative do you propose?

We agree with the proposed amendments as described in the exposure draft. We recommend one clarification as explained below.

IFRS 1

Some believe that the proposed amendment to paragraph 32(c) of IFRS 1 is not clear as to when the explanations and updated reconciliations should be provided. Paragraph 32(c) refers only to the requirement to explain the changes made during the period covered by an entity's first IFRS financial statements and to update the required reconciliation. It does not indicate in which part of the period (i.e., in which quarter) this should be done. Paragraph BC3 in the Basis for Conclusions on the proposed amendments to IFRS 1 does not discuss this issue either. We recommend that paragraph 32(c) be amended to clarify this issue as follows:

> "If during the period covered by its first IFRS financial statements, an entity changes its accounting policies or its use of the exemptions contained in this IFRS, in the first interim or annual financial statements issued after the change it shall explain the changes in accordance with paragraph 23 and update the reconciliations required by this paragraph."

Question 2 – Do you agree with the proposed transition provisions and effective date for the issues as described in the exposure draft? If not, why and what alternative do you propose?

We agree with the proposed transition provisions and effective date for each of the proposed amendments in the exposure draft.

Question 3 – The Board proposes changes to IAS 34 *Interim Financial Reporting* to emphasise its disclosure principles. It also adds to the guidance to illustrate better how to apply these principles. The Board published an exposure draft *Fair Value Measurement* in May 2009. In that exposure draft, the Board proposes that all of the fair value measurement disclosures required in IFRS 7 *Financial Instruments: Disclosures* for annual financial statements should also be required for interim financial statements. Do you agree that this proposed amendment is likely to lead to more useful information being made available to investors and other users of interim financial reports? If not, why? What would you propose instead and why?

We agree that the disclosures required in IFRS 7 for annual financial statements should also be required for interim financial statements as it provides users with more useful information.

Question 4 – The Board proposes changes to IAS 34 *Interim Financial Reporting*. Do you agree that amending IAS 34 to require particular disclosures to be made in interim financial statements is a more effective way of ensuring that users of interim financial statements are provided with useful information? If not, why? What approach would you propose instead and why?

We agree that amending IAS 34 to require particular disclosures in interim financial statements is the best way to ensure that users of those interim financial statements are provided with the most useful information.

Question 5 – The Board proposes to amend IAS 40 *Investment Property* to remove the requirement to transfer investment property carried at fair value to inventory when it will be developed for sale, to add a requirement for investment property held for sale to be displayed as a separate category in the statement of financial position and to require disclosures consistent with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*. Do you agree that the proposed amendment should be included within *Improvements to IFRSs* or should a separate project be undertaken to address this issue? If you believe a separate project should be undertaken, please explain why.

We think that the proposed amendments to IAS 40 are appropriately included within the Improvements to IFRSs project as this is the most efficient way to deal with these amendments.

Editorial Comments

IFRS 3

Paragraph BC3 in the Basis for Conclusions on proposed amendments to IFRS 3 *Business Combinations* discusses the second phase of the business combinations project in the future tense as if it were a proposal. However, the second phase of the Business Combinations project has already been completed and the proposed changes discussed in paragraph BC3 have already been made. Therefore, this paragraph should be redrafted accordingly.

IAS 40

The proposed amendment to IAS 40 *Investment Property* indicates that paragraph 60 in IAS 40 has been amended. However, in the Exposure Draft paragraph 60 has not been changed. We agree with the amendments in the agenda paper in which this subject was discussed and presume that the mark-up was simply overlooked in preparing the Exposure Draft. It is our understanding that paragraph 60 should have been shown as follows:

"For a transfer from investment property carried at fair value to owner-occupied property ~~or inventories~~, the property's deemed cost for subsequent accounting in accordance with IAS 16 ~~or IAS 2~~ shall be its fair value at the date of change in use."