

November 30, 2010

(sent electronically to [improvementscriteria@ifrs.org](mailto:improvementscriteria@ifrs.org))

IFRS Foundation  
Comment letters  
30 Cannon Street,  
London EC4M 6XH  
United Kingdom

Dear Sirs,

**Re: The annual improvements process: Proposals to amend the Due Process Handbook  
for the IASB**

This letter is the response of the Canadian Accounting Standards Board to the IFRS Foundation's Consultation Document "The annual improvements process: Proposals to amend the Due Process Handbook for the IASB" dated August 2010.

The views expressed in this letter take into account comments from Canadian Accounting Standards Board members and staff but do not necessarily represent a common view of the Board. Views of the Canadian Accounting Standards Board are developed only through due process.

We support the Foundation's efforts to amend the Due Process Handbook to incorporate detailed criteria to evaluate whether amendments to IFRSs are appropriate for the annual improvements process. We note that, even with the detailed criteria, assessing whether an amendment should be included in the annual improvements process is subjective and requires judgement. Overall,

we think the proposed criteria represent an improvement over the existing practice of assessing whether an amendment is considered non-urgent but necessary.

We think the first and second criteria provide an appropriate basis for assessing whether a matter should be addressed using the annual improvements process. In particular, we agree that a correcting amendment “may create an exception from an existing principle” because this flexibility may be needed to correct a conflict, oversight or unintended consequence. For example, permitting an exception to a principle will allow the IASB to add an exception to IFRS 1 *First-time Adoption of International Financial Reporting Standards* even though such an amendment would contradict the principle of retrospectively applying an IFRS.

However, we think the third criterion does not provide an appropriate basis to assess whether a matter should be addressed through the annual improvements process. Although we agree that an inability to reach a conclusion on a timely basis may indicate the issue is more fundamental and should not be resolved within annual improvements, we think that assessing the likelihood of reaching a conclusion on an issue should not occur as part of the planning stage. Instead, we think this factor is only relevant after a decision is made on whether the issue meets the other three proposed criteria for the annual improvements process and an attempt has been made to develop an amendment. We note that any project can be removed at any time from the IASB agenda if the IASB cannot reach a conclusion on a timely basis. Therefore, the third criterion is not necessary and should be removed. We note that the IASB has asked the IFRS Interpretations Committee to develop annual improvements for its approval. We do not support adding the third criterion for the additional reason that it asks the IFRS Interpretations Committee to anticipate the Board’s probable reaction.

We also think that the fourth criterion should be modified to clarify that an amendment is only restricted from qualifying for the annual improvements process if the IASB project is expected to make the amendment. Issues often arise on areas that are the subject of a current or planned IASB project, but are outside of the scope of the project. We also think the adjective “pressing” is redundant because the word “need” is already in the context of making the amendment sooner than the project would. In addition, a need that is not originally considered pressing may become

so if the main project is delayed. Therefore, we suggest the following changes to improve this criterion:

- (d) If the proposed amendment would amend IFRSs that are the subject of a current or planned IASB project, the proposed amendment is not within the project's scope or there must be a ~~pressing~~ need to make the amendment sooner than the project would.

We would be pleased to provide more detail if you require. If so, please contact Kathryn Ingram, Principal, Accounting Standards at +1 416 204-3475 (e-mail [kathryn.ingram@cica.ca](mailto:kathryn.ingram@cica.ca)).

Yours truly,



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Chair,

Accounting Standards Board

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