

Exposure draft of proposed **Improvements to IFRS** (comments to be received by 11 Jan 2008, International Accounting Standards Board)

These are my personal views only.

Invitation to Comments

**Question 1**-Do you agree with the Board's proposed restructuring of IFRS 1? If not, why? Board is right doing so.

**Q2**-Do you agree with the proposal to add paragraph 8A to IFRS 5 to clarify that assets and liabilities of a subsidiary should be classified as held for sale if the parent has a sale plan involving loss of control of the subsidiary? If not, why? Basically I support the Board here. However, there could be some business reasons that might harm firms, for example parent firm's future strategy orientation could be partly revealed for competitors with this requirement. Would it be possible to have an option that in a special case firm can be released for this requirement if the given reason is acceptable and strong enough.

**Q3**-The Board proposes to amend paragraph IG13 of the guidance on implementing IFRS 7 *Financial instruments: Disclosures* to resolve the potential conflict with IAS 1. Do you agree with the proposal? If not, why? I support the Board.

**Q4**-Do you agree with the proposal to require an entity that cannot make an unreserved statement of compliance with IFRSs to describe how its financial statements would have been different if prepared in full compliance with IFRSs? If not, why? I absolutely support the Board.

**Q5**-Do you agree with the proposal to clarify that the potential settlement of a liability by the issue of equity is not relevant to its classification as current? If not, why? I agree with the Board.

**Q6**-Do you agree with the proposal to amend the examples in paragraphs 68 and 71 of IAS 1 to remove the potential implication that financial assets and financial liabilities that are classified as held for trading in accordance with IAS 39 are required to be presented as current? If not, why? Support the Board because the proposal eliminates some of the redundancy.

**Q7**-Do you agree with the proposal to amend paragraphs 7, 9 and 11 of IAS 8 to clarify the status of implementation guidance? If not, why? Those paragraphs clarify the status of implementation guidance.

**Q8**-Do you agree with the proposal to amend paragraph 13 of IAS 10 to clarify why a dividend declared after the reporting period does not result in the recognition of a liability at the end of the reporting period? If not, why? Proposal clarifies the matter.

**Q9-**Should the definition of recoverable amount in IAS 16 be amended to remove the perceived inconsistency with 'recoverable amount' used in another IFRSs? If not, why? I agree with the Board.

**Q10-**Do you agree with the proposal to amend paragraph 68 of IAS 16 and paragraph 14 of IAS 7? If not, why? I agree with the Board.

**Q11-**Do you agree with the proposal to amend paragraphs 14 and 15 of IAS 17 to eliminate a perceived inconsistency between the specific classification guidance for leases of land and buildings and the general lease classification guidance in IAS 17? If not, why? I agree with the Board.

**Q12-**Do you agree with the proposal that contingent rent relating to an operating lease should be recognized as incurred? If not, why? I agree with the Board because the proposal increases the consistency between finance and operating leases.

**Q13-**Do you agree with the proposed amendment to the guidance on IAS 18 to explain that the definition of the transaction costs to be applied to the accounting for financial asset origination fees are those defined in IAS 39? If not, why? I support the Board because the proposal clarifies the matter.

**Q14(a)-**Do you agree that IAS 19 should be amended to clarify that when a plan amendment reduces benefits for future service, the reduction relating to future service is a curtailment and any reduction relating to past service is negative past service cost? If not, why? I support the Board because the proposal clarifies the matter.

**Q14(b)-**Do you agree that the Board should delete the following sentence from paragraph 111 of IAS 19: 'An event is material enough to qualify as a curtailment if the recognition of a curtailment gain or loss would have a material effect on the financial statements? If not, why? Agreed.

**Q15-**Do you agree with the proposal to amend the definition of return on plan assets in paragraph 7 of IAS 19 to require the deduction of plan administration costs only to the extent that such costs have not been reflected in the measurement of the defined benefit obligation? If not, why? Agreed.

**Q16-**Do you agree with the proposal to replace in IAS 19 the term 'fall due' with the notion of employee entitlement in the definitions of short-term employee benefits and other long-term employee benefits? If not, why? Agreed, the proposed formulation is much more fluent.

**Q17-**Should the reference in IAS 19 to recognizing contingent liabilities be removed? If not, why? I support the Board with their formulation of the proposal.

**Q18-**Do you agree with the proposal to conform terminology used by IAS 20 to the equivalent defined or more widely used terms? If not, why? I support the Board, the

proposal makes the IAS 20 more instructive, functional and principle oriented. All of these are good properties.

**Q19-**Do you agree with the proposed amendments to IAS 20 to clarify that the benefit of a loan received from a government with a below-market rate of interest should be quantified by the imputation of interest in accordance with IAS 39? If not, why? Agreed, adds information in financial statements.

**Q20-**Do you agree with the proposal to amend paragraph 6 of IAS 23 to refer to the guidance in IAS 39 Financial Instruments: Recognition and Measurement relating to effective interest rate when describing the components of borrowing costs? If not, why? Effective interest rate enhances nicely the comparison of loans.

**Q24-**Do you agree with the proposal to update the description of historical cost financial statements in paragraph 6 of IAS 29 and to conform terminology in IAS 29 to the equivalent defined or more widely used terms? If not, why? This proposal makes the historical time-series comparisons easier.

**Q26-**Do you agree with the proposal to amend paragraph 11 of IAS 34 to require the presentation of basic and diluted EPS only when the entity is within the scope of IAS 33? If not, why? Surely a logical proposal.

**Q27-**Do you agree with the proposal to amend paragraph 134(e) of IAS 36 to require the same disclosures to be given for fair value less costs to sell as are required for value in use when discounted cash flows are used to calculate fair value less costs to sell? If not, why? This proposal makes the standard more systematic.

**Q31(a)-**Do you agree with the proposal to amend IAS 39 to clarify the definitions of a financial instrument classified as held for trading? If not, why? Clarification helps the usage of the standard. The Board should think whether the clarification can be even more clear.

**Q39-**Do you agree with the proposed amendment to IAS 41 to permit either a pre-tax or a post-tax discount rate to be used according to the valuation methodology used to determine fair value? If not, why? I am not sure with this. Somehow the neutrality should be guaranteed. In other words, the outcome should be comparable for firms applying pre-tax discount rate to firms applying post-tax discount rate.

Sincerely,

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