STAFF PAPER

February 2012

IASB Meeting

Project	**Annual Improvements project–2009-2011 cycle**
Paper topic	Overview and summary of comments received

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Introduction

1. The Board published its exposure draft of proposed *Improvements to International Financial Reporting Standards* (2009 –2011 cycle) on June 2011 (ED June 2011). The comment period ended on 21 October 2011. The Board received 67 comment letters.
2. The June 2011 ED proposed a total of 7 amendments to IFRSs. At its meeting in January 2012, the IFRS Interpretations Committee (the Committee) deliberated the comments received on six of the proposed annual improvements.
3. The following issues are analysed in this paper:
   (a) IFRS 1 *First-time Adoption of International Financial Reporting Standards*—Repeated application of IFRS 1
   (b) IFRS 1—Borrowing costs relating to qualifying assets for which the commencement date for capitalisation is before the date of transition to IFRSs
   (c) IAS 1 *Presentation of Financial Statements*—Clarification of the requirements for comparative information
   (d) IAS 16 *Property, Plant and Equipment*—Classification of servicing equipment
   (e) IAS 32 *Financial Instruments: Presentation*—Tax effect of distribution to holders of equity instruments

(f) IAS 34 *Interim Financial Reporting*—Interim financial reporting and segment information for total assets.

4. Also, in this paper:

(a) **Appendix A** contains a full list of respondents to the invitation to comment.

(b) **Appendix B** contains a breakdown of respondent categories by type and geographical region.

(c) **Appendix C** has a numerical analysis of comment letters containing a split of comments between those that support and those that oppose each of the proposed amendments

Purpose of this paper

5. The objective of this paper is:

(a) to present to the Board the Committee's recommendations on the annual improvements project issues that it discussed at its meeting in January 2012 including:

(i) a summary of changes made in response to comments received on the issues that the Committee recommends be finalised;

(ii) the proposed wording for the final amendments as set out in Agenda Papers 12B and 12C; and

(b) to obtain a Board decision on the finalisation of these issues.

Summary of the Committee's recommendations to the Board

6. In the next page we provide:

(a) a list of the issues as originally proposed by the Board

(b) a summary of the main comments received by respondents

(c) a summary of the changes that the Committee recommends for finalisation of the proposed amendments in response to comments received.

Standard	Issue as originally proposed by the Board	Main comments raised	Summary of proposed changes from the ED as a result of deliberations of the Committee at the meeting in January 2012
IFRS 1 *First-time Adoption of International Financial Reporting Standards*	Clarify that an entity is required to apply IFRS 1 when the entity's most recent previous annual financial statements do not contain an explicit and unreserved statement of compliance with IFRSs, even if the entity has already applied IFRS 1 in a previous reporting period.	An entity may be unable to express and unreserved statement of compliance when: (a) the endorsement process has a delay or (b) an entity intentionally or unintentionally omits statement of compliance. Continuous application of IFRSs is more convenient for an entity that has applied IFRSs in the past.	Allow, rather than require, the repeated application of IFRS 1 by entities that have applied IFRSs in a previous reporting period (which will include entities that have applied IFRS 1 or SIC-8 *First-Time Application of IASs as the Primary Basis of Accounting* or that adopted IFRSs before SIC-8 was issued). Require an entity that has applied IFRS 1 or IFRSs previously to disclose: (a) the reason why the entity stopped applying IFRSs; and (b) the reason why it is resuming reporting in accordance with IFRSs If the entity does not elect to apply IFRS 1, it should apply IFRSs retrospectively in accordance with IAS 8 *Accounting Policies, Changes in Estimates and Errors* as if the entity had never stopped applying IFRSs. Require an entity that does not elect to apply IFRS 1 the reasons why it has elected to apply IFRSs on a continuation basis as if it had never stopped applying IFRSs.
IFRS 1	Clarify the transitional provisions for a first-time adopter to account for borrowing costs. Borrowing	The drafting of the proposed amendment is not sufficiently clear and inconsistent with	Include some editorial changes

	costs: (a) capitalised in accordance with previous GAAP should be carried forward; and (b) incurred for assets under construction at the transition date should be accounted for in accordance with IAS 23 *Borrowing Costs*.	the Basis for Conclusions.	
IAS 1 ***Presentation of financial statements***	Clarify comparative requirements: (a) when providing information additional to the minimum requirements, accompanying notes will be required. (b) when changing an accounting policy, restating or reclassifying, full notes are not required with the opening statement of financial position (SFP).	The drafting of the proposed amendment is not sufficiently clear. Opening SFP should only be required if there is a material impact upon the SFP. Unclear why requirements for 'voluntary' additional comparative information are different for 'mandatory' additional comparative information.	Include some editorial changes. Clarify that an opening statement of financial position will be required only when the change in an accounting policy, a retrospective restatement or reclassification has a material effect in the SFP. Include in the Basis for Conclusions further explanation of the rationale behind the decision to distinguish between the requirements for 'mandatory' comparative information and 'additional comparative information'.
IAS 16 ***Property, Plant and Equipment***	Clarify that servicing equipment should be classified as property, plant and equipment (PP&E) when it is used during more than one period and as inventory otherwise.	Withdraw the proposed amendment because costs would exceed the benefits. Simplify the amendment and/or clarify the meaning of the items that would be classified as PPE.	Simplify the proposed amendment and state that items meeting the definition should be classified as PP&E, otherwise, they are classified as inventory.
IAS 32 ***Financial Instruments: Presentation***	Clarify that income tax relating to distributions to holders of an equity instrument and income tax relating to transaction costs of an equity transaction should be accounted for in accordance with IAS 12 *Income Taxes.*	Further clarify the inconsistency between paragraphs 52B and 58 and 61A of IAS 12 regarding the income tax consequences of dividends.	The Committee did not identify any inconsistency in IAS 12 regarding the income tax consequences of dividends. Include some editorial changes.
IAS 34 ***Interim Financial Reporting***	Clarify that total assets for a particular reportable segment will be disclosed when the amounts are regularly provided to the chief operating decision maker and if there has been a material change from the amount disclosed in the last annual financial statements for that reportable segment.	The proposed amendment should apply to total liabilities also and be applied retrospectively rather than prospectively to be consistent with par. 29 in IFRS 8.	Make this clarification also for total liabilities. Clarify that the proposed amendment should be applied retrospectively rather than prospectively.

Summary of the main proposed changes

7. A majority of respondents agreed with the Board's proposed amendments as shown in **Appendix C.** This Appendix has a numerical analysis of comment letters containing a split of comments between those that support and those that oppose each of the proposed amendments.

8. A summary of the main proposed changes is described in the paragraphs that follow. For a detailed description of the comments received and the source of those comments, the Board should refer to the agenda papers presented to the Committee at the January 2012 meeting[1].

Issue 1: IFRS 1–Repeated application

9. The matters discussed at the January 2012 Committee meeting were set out in **agenda paper 10A** that can be found on the public website[2].

Proposed amendment

10. The ED (June 2011) includes a proposal to amend IFRS 1 to clarify that an entity is required to apply IFRS 1 when the entity's most recent previous annual financial statements do not contain an explicit and unreserved statement of compliance with IFRSs, even if the entity has already applied IFRS 1 in a previous reporting period.

Main comments raised by respondents

11. The Committee decided to include modifications to the proposed amendment to address some concerns raised by a majority of respondents, mainly that:

    (a) an entity that has applied IFRSs in the past will likely find applying IFRSs on a continuation basis, ie as if it had never stopped applying IFRSs more convenient than applying IFRS 1 again.

    (b) repeated application of IFRS 1 is inappropriate when an entity:

[1] For ease of reference, Board members will receive a copy of each of these papers.

[2] http://www.ifrs.org/Meetings/IFRS+Interpretations+January+2012.htm

(i) is unable to express an unreserved statement of full compliance with IFRSs only because an endorsement body is late in ratifying an IFRS during its endorsement process; or because

(ii) might intentionally or unintentionally omit the statement of compliance with IFRSs even though it has complied with all other aspects of IFRSs.

The Committee's recommendations

12. The Committee recommended to the Board that it should finalise the proposed amendment. To address respondents' concerns, the Committee recommends that when an entity meets the criteria for applying IFRS 1, and has applied IFRSs in a previous reporting period (regardless of whether its previous adoption was using IFRS 1, SIC-8 or neither) could choose to apply IFRS 1 when it re-adopts IFRSs.

13. Consequently, the Board should:

(a) allow, rather than require, an entity to make a repeat application of IFRS 1. If the entity does not elect to apply IFRS 1, it should apply IFRSs retrospectively in accordance with IAS 8 *Accounting Policies, Changes in Estimates and Errors* as if the entity had never stopped applying IFRSs.; and

(b) require to disclose the reason why the entity stopped reporting in accordance with IFRSs; and the reason why it is resuming reporting in accordance with IFRSs.

14. In addition, if an entity does not elect to apply IFRS 1, the entity should state the reasons why it has elected to apply IFRSs on a continuation basis as if it had never stopped applying IFRSs

15. The Committee noted that although the revisions to the proposed amendments are in response to the comments received, the proposed amendments might seem to go further than the Board's original proposals because the application of IFRS 1 when the entity's most recent previous annual financial statements do not contain an explicit and unreserved statement of compliance with IFRSs would no longer be a requirement.

16. In our view, the proposal still addresses how an entity restates reporting in accordance with IFRSs. The revised amendment would permit an entity to restart reporting in accordance with IFRSs in one of two ways:

(a) by applying IFRS 1 again (the original proposal)

(b) by applying IFRSs as if it had not stopped (the continuation method)

17. The continuation method is a new approach that was not included in the exposure draft. However, the continuation method does not result in different reporting than would have been the case had the entity continued to prepare IFRS financial statements in addition to previous GAAP financial statements. Because of this, we think this change is not significant enough to require re-exposure.

18. We are reproducing below an extract of "**Stage 5 Development and publication of an IFRS"** from the *IASB Due Process Handbook* which describes the re-exposure process (refer to):

> **45** The development of an IFRS is carried out during IASB meetings, when the IASB considers the comments received on the exposure draft. Changes from the exposure draft are posted on the website.
>
> **46** After resolving issues arising from the exposure draft, the IASB considers whether it should expose its revised proposals for public comment, for example by publishing a second exposure draft.
>
> **47** In considering the need for re-exposure, the IASB
>
> • identifies substantial issues that emerged during the comment period on the exposure draft that it had not previously considered
>
> • assesses the evidence that it has considered
>
> • evaluates whether it has sufficiently understood the issues and actively sought the views of constituents
>
> • considers whether the various viewpoints were aired in the exposure draft and adequately discussed and reviewed in the basis for conclusions on the exposure draft.

> **48** The IASB's decision on whether to publish its revised proposals for another round of comment is made in an IASB meeting. If the IASB decides that re-exposure is necessary, the due process to be followed is the same as for the first exposure draft (see Stage 4 at paragraph 40).

19. On assessment of the above leads us to conclude that the change to the proposed amendment is not significant enough to require re-exposure.

What if an entity has applied IFRS in the past but IFRS 1 did not exist at the time?

20. A member of the staff asked us to consider a variant of the case addressed by the proposed amendment. The question is: if IFRS 1 did not exist at the time an entity previously applied IFRSs (in an earlier reporting period), should the entity be required to apply IFRS 1 if the entity resumes reporting in accordance with IFRSs? Or should it also be permitted the option of applying IFRSs on a continuation basis, ie as if it had never stopped applying?

21. It is our view that an entity that resumes reporting in accordance with IFRSs and that has previous experience in applying IFRSs should be treated in a consistent manner to an entity that has applied IFRS 1 in the past, no matter how it originally adopted IFRSs, ie whether its adoption was using IFRS 1, SIC-8 or if the entity adopted prior to the introduction of SIC-8. Consequently, we think that this entity should also be allowed to apply IFRS 1 but not be *required* to apply IFRS 1, even if it has never applied this Standard in the past. This is consistent with the Committee's recommendation as explained above in paragraph 12.

22. Alternatively, the Board might decide to re-expose the proposed amendment of the repeated application of IFRS 1 to address whether an entity that has applied IFRSs in a previous reporting period (and has applied IFRS 1, SIC-8 or adopted prior to the introduction of SIC-8) should be allowed or required to apply IFRS 1.

23. In our view, the Board should allow an entity to re-adopt IFRSs on a continuation basis as if the entity had never stopped applying IFRSs.

24. The proposed final wording is presented in Agenda Papers 12B pages 2–3 and 12C pages 2–3.

Questions–IFRS 1 Repeated application
2. Does the Board agree with the proposed amendment allowing an entity to re-adopt IFRSs on a continuation basis as if the entity had never stopped applying IFRSs?
2. Does the Board agree with the Committee's recommendations on finalising the IFRS 1 amendment on repeated application, including the proposed wording changes, as described in **Agenda papers 12B and 12C**?

Issue 2: IFRS 1–Exemption for borrowing costs

25. The matters discussed at the January 2012 Committee meeting were set out in **Agenda paper 10B**, which can be found on the public website[3].

Proposed amendment

26. The ED (June 2011) includes a proposal to amend the exemption for borrowing costs in paragraph D23 of IFRS 1 that would clarify the transitional provisions that a first-time adopter may apply to account for borrowing costs for which the commencement date for capitalisation is before the date of transition to IFRSs.

27. The Board proposed to clarify that:

   (a) a first-time adopter that capitalised borrowing costs under previous GAAP, can carry them forward in the opening statement of financial position; and

   (b) a first-time adopter is required to account for borrowing costs incurred on or after the date of transition for qualifying assets under construction at date of transition, in accordance with IAS 23. An entity may still choose to apply IAS 23 from an earlier date. Consequently, it cannot continue to capitalise borrowing costs incurred after the date of transition using its previous GAAP, because the provisions in its previous GAAP for borrowing costs might be inconsistent with IAS 23.

[3] http://www.ifrs.org/Meetings/IFRS+Interpretations+January+2012.htm

Main comments raised by respondents

28. Some respondents think that the drafting of the proposed amendment is not sufficiently clear and may confuse some readers for two main reasons:

    (a) the direct reference to the transitional provisions of paragraph 27 in IAS 23 is not appropriate, because this paragraph only applies to those assets for which the commencement date for capitalisation is on or after the effective date; and

    (b) the proposed amendment is worded poorly resulting in inconsistencies with the proposed wording in the accompanying Basis for Conclusions which requires an entity to carry forward borrowing costs in accordance with previous GAAP.

The Committee's recommendations

29. The Committee recommended to the Board that it should finalise the proposed amendment. To address respondents' concerns, the Committee recommends that the Board should:

    (a) delete the reference to paragraph 27 of IAS 23 (and refer generally to IAS 23, instead) because this paragraph is:

        (i) silent on whether borrowing costs capitalised in accordance with previous GAAP (this is, before the transition date) for completed projects should be eliminated or be carried forward at the transition date; and

        (ii) is not clear on the accounting for borrowing costs for assets under construction at the transition date.

    (b) modify the wording of the proposed amendment to make it consistent with the accompanying Basis for Conclusions.

30. The proposed final wording is presented in Agenda Papers 12B pages 4–5 and 12C pages 4–5.

Question 2–IFRS 1 Borrowing costs
Does the Board agree with the Committee's recommendations on finalising the IFRS 1 amendment on the exemption for borrowing costs for first-time adopter, including the proposed wording changes, as described in **Agenda papers 12B and 12C**?

Issue 3: IAS 1–Comparative information

31. The matters discussed at the January 2012 Committee meeting were set out in **Agenda paper 10C**, which can be found on the public website[4].

Proposed amendment

32. The ED (June 2011) includes a proposal to amend IAS 1 to:

(a) clarify the requirements for providing comparative information when an entity provides financial statements beyond the minimum comparative information requirements;

(b) clarify the date at which the opening statement of financial position (SFP) is required to be given; and

(c) specify that summary notes rather than full notes may be presented to accompany this opening SFP.

Main comments raised by respondents

33. Particular areas in which constituents raised some concerns were the following:

(a) the terminology employed in the proposed amendment is confusing (ie what should we understand by 'required' comparative period?).

(b) it is unclear why requirements for providing ('voluntary') additional comparative information in proposed paragraph 38B of IAS 1 give rise to a requirement to present full notes, whereas requirements for providing ('mandatory') additional comparative information in proposed paragraphs 40A–40C requires summary notes.

[4] http://www.ifrs.org/Meetings/IFRS+Interpretations+January+2012.htm

(c) paragraph 40A should be amended to require a third opening SFP only if there is a material impact upon the SFP.

The Committee's recommendations

34. The Committee recommended to the Board that it should finalise the proposed amendment.

35. To address respondents' concerns, the Committee recommends the Board to explain what is required instead of using the terms 'required comparative information' and/or 'the beginning of the required comparative period', in each one of the paragraphs that uses these terms. For instance the Committee suggests deleting the term 'required comparative period' and suggests specifying that this is 'comparative information in respect of the preceding period'.

36. The Committee also noted that the Board should further clarify in the Basis for Conclusions the rationale for distinguishing between the requirements for additional comparative information (ie for information not required by IFRSs) in contrast to the requirements for comparative information when an entity presents an additional statement of financial position as at the beginning of the preceding period. This is because the Committee members thought that this rationale was still unclear. The staff had noted at the January 2012 Committee meeting that they thought that the Board's rationale:

(a) for not requiring full notes (ie presenting a note setting out a summary of the changes instead) to an opening statement of financial position in paragraph 40C was to provide a 'relief' for the **specific circumstances** in which an entity that applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statements, to avoid repetition of information that is available in previous financial statements prepared under IFRS.

(b) for requiring full notes for the **more general circumstances** when additional information is presented in accordance with paragraph 38C was to ensure that the additional information that entities provide is balanced and results in financial statements that achieve a 'fair presentation'.

37. Said differently, we think that the Board decided:

(a) to provide a “relief” from the provision of full notes when an entity changes its accounting policy, restates reclassifies items in the financial statements and an opening statement is required to be presented, because this circumstance can be viewed as narrow, specific and limited; whereas,

(b) to require full notes when an entity chooses to provide additional financial statements (which could be an additional statement of cash flows or an additional statement of profit or loss and comprehensive income or an additional statement of changes in equity, or maybe a combination of these) because this circumstance can be viewed as more generic and the Board is not attempting to predict all the different reasons why the additional information is being given on a voluntary basis.

38. The Committee further recommended the Board that it should require the presentation of that opening statement of financial position only if the change in an accounting policy, the retrospective restatement or the reclassification has a material effect upon the information in that statement of financial position.

39. The Committee also recommends consequential amendments to the guidance in paragraph 21 of IFRS 1 and paragraph 5 of IAS 34 to ensure consistency with the proposed amendments to IAS 1. These amendments accompany the proposed amendments to IAS 1.

Additional comparative information for first-time adopters

40. In addition, for IFRS 1, a member of the staff asked us to clarify the requirements for additional comparative information, for instance, when a law or a regulator (and not IFRSs) requires comparatives presented in accordance with previous GAAP in the entity’s first IFRS financial statements. For example, an entity is required to present:

(a) the first comparative in accordance with both IFRSs and previous GAAP

(b) the second comparative in accordance with previous GAAP only.

41. The question is: would proposed paragraph 38C prohibit the presentation of additional comparative information in accordance with previous GAAP?

42. In our view, a first time adopter should be allowed to present additional comparative information in accordance with previous GAAP in its first IFRS

financial statements. This is because we think that the provision of previous GAAP comparative information can assist a user's understanding of the effects of transition to IFRSs. To ensure that a first-time adopter can provide additional comparative information in accordance with previous GAAP, we propose that this matter is clarified in IFRS 1 with the inclusion of an additional paragraph 21A (see agenda paper 12B).

43. The proposed final wording (including the proposed consequential amendments to IFRS 1 and IAS 34) is presented in Agenda Papers 12B pages 6–13 and 12C pages 6–13.

Questions–IAS 1 Comparative information
1. Does the Board agree with the Committee's recommendations on finalising the amendment to IAS 1 on the requirements for comparative information, including the proposed wording changes, as described in **Agenda papers 12B and 12C**?

Issue 4: IAS 16–Classification of servicing equipment

44. The matters discussed at the January 2012 Committee meeting were set out in **Agenda paper 10D**, which that can be found on the public website[5].

45. The ED (June 2011) includes a proposal for an amendment to paragraph 8 of IAS 16 that would clarify that servicing equipment should be classified as property, plant and equipment (PPE) when it is used during more than one period and as inventory otherwise. It also includes a proposal to delete the requirement that spare parts and servicing equipment used only in connection with an item of PPE would be classified as part of PPE.

46. This amendment was proposed because paragraph 8 of IAS 16 is unclear on the classification of servicing equipment as inventory or PPE and led some to think

[5] http://www.ifrs.org/Meetings/IFRS+Interpretations+January+2012.htm

that servicing equipment used during more than one period would be classified as part of inventory.

Main comments raised by respondents

47. Many respondents mentioned that the distinction between ‘spare parts’ and ‘major spare parts’ was not clear and neither was the difference between ‘servicing equipment’ and ‘stand-by equipment’ or the meaning of the term ‘period’.

48. Some other these respondents suggested withdrawing the proposed amendment, because they think it would result in excessive administrative costs when determining the actual useful life of spare parts used for servicing equipment. This is because under the proposed amendment to paragraph 8 of IAS 16, spare parts that are used in more than one period, would be required to be classified as PPE (because they would meet the definition PPE of IAS 16). Whereas the reading of current paragraph 8 of IAS 16 (before the proposed amendment) would suggest that spare parts that are not used in connection with an item of PPE can be classified as inventory in accordance with IAS 2 *Inventories*. Because IAS 2 does not have a depreciation concept, the cost of such items would be expensed when issued, and this is why currently entities do not need to determine the useful life of such spare parts.

49. Some other respondents disagree with the full retrospective application of the proposed amendment.

The Committee’s recommendations

50. The Committee noted that it thought that the Board’s intention had been to clarify the classification of servicing equipment.

51. Consequently, to finalise the proposed amendment and address respondents’ concerns, the Committee decided to recommend to the Board that it should simplify the proposed amendment to state that items *such as* spare parts, stand-by equipment and servicing equipment qualify as property, plant and equipment when they meet the definition of property, plant and equipment; otherwise, they are classified as inventory.

52. The Committee also noted that the proposed simplification of the wording would also address respondents' concerns about retrospective application of the proposed amendment.

53. The proposed final wording is presented in Agenda Papers 12B pages 14–15 and 12C pages 14–15.

Question–IAS 16 Classification of servicing equipment
Does the Board agree with the Committee's recommendations on finalising the amendment to IAS 16 on the classification of servicing equipment, including the proposed wording changes, as described in **Agenda papers 12B and 12C**?

Issue 5: IAS 32–Tax effect of distribution to holders of equity instruments

54. The matters discussed at the January 2012 Committee meeting were set out in **Agenda paper 10E**, which can be found on the public website[6].

55. The ED (June 2011) includes a proposal to amend paragraphs 35, 37 and 39 of IAS 32 to clarify that income tax relating to distributions to holders of an equity instrument and income tax relating to transaction costs of an equity transaction should be accounted for in accordance with IAS 12.

Main comments raised by respondents

56. Respondents unanimously agreed with the proposed amendment. However, many respondents perceived an inconsistency between the guidance in IAS 12 on the income tax consequences on dividends in paragraph 52B and the guidance in paragraphs 58 and 61A, because they observed that:

(a) income tax consequences of dividends are recognised <u>in profit or loss</u> in accordance with <u>paragraph 52B</u>; however,

(b) because dividends are viewed as an equity transaction with shareholders, one might conclude that the income tax consequences of dividends should

[6] http://www.ifrs.org/Meetings/IFRS+Interpretations+January+2012.htm

be recognised <u>outside profit or loss</u> (ie as 'other comprehensive income' or equity); in accordance with paragraphs <u>58 and 61A</u>, require that the income tax that arises from transactions that are recognised in other comprehensive income or equity should be recognised outside profit or loss (ie as other comprehensive income or equity)

The Committee's recommendations

57. The Committee recommended the Board that it should finalise the proposed amendment.

58. The Committee observed that paragraph 52B of IAS 12 provides specific guidance on the accounting for the income tax consequences of dividends. This guidance requires an entity to link the income tax consequences of dividends to past transactions or events that gave rise to the profits being distributed rather than to the distributions themselves. To the extent that the dividend is linked to past transactions that were originally recognised in profit and loss, the income tax consequences of the dividend should be recognised in profit and loss. When the dividend is linked to past transactions that were originally recognised in other comprehensive income or equity, the entity should apply the exception in paragraph 58(a) of IAS 12, and recognise the income tax consequences of dividends outside profit and loss, in accordance with paragraph 61A of IAS 12.

59. To address the main concern raised by respondents, the Committee members agreed that the proposed Basis for Conclusions accompanying IAS 32 could further clarify how paragraphs 52A and 52B and 58 link to the proposed amendment (ie state in which cases each type of guidance should be applied).

60. The proposed final wording is presented in Agenda Papers 12B pages 16–18 and 12C pages 16–18.

Question–IAS 32 Tax effect of distribution to holders of equity instruments
1. Does the Board agree with the Committee's recommendations on finalising the amendment to IAS 32 on the classification of the tax effect of distribution to holders of equity instruments and on the proposed wording changes to the accompanying Basis for Conclusions, as described in **Agenda papers 12B and 12C**?

Issue 6: IAS 34–Interim financial reporting and segment information

61. The matters discussed at the January 2012 Committee meeting were set out in **Agenda paper 10E**, which can be found on the public website[7].

62. The ED (June 2011) includes a proposal to align the disclosure requirements in paragraph 16A (g)(iv) of IAS 34 with those of paragraph 23 of IFRS 8. The proposed amendment clarifies that total assets for a particular reportable segment need to be disclosed only when the amounts are regularly provided to the chief operating decision maker and there has been a material change in the total assets for a segment from the amount disclosed in the last annual financial statements.

Main comments raised by respondents

63. Respondents agreed with the proposed amendment almost unanimously. However, a few respondents disagreed with the proposal that the amendment should be applied prospectively, mainly because the prospective application of the proposed amendment is not consistent with the requirements of paragraph 29 of IFRS 8, which state that "if an entity changes the structure of its internal organisation in a manner that causes the composition of its reportable segments to change, the corresponding information for earlier periods, including interim periods, shall be restated unless the information is not available and the cost to develop it would be excessive".

64. Another respondent proposed to refer to a 'measure of total assets and/or liabilities' in paragraph 16A(g)(iv) of IAS 34 to make this paragraph consistent with the guidance in paragraph 23 of IFRS 8 that an entity should "...report a measure of total assets and liabilities for each reportable segment if such amounts are regularly provided to the chief operating decision maker".

The Committee's recommendations

65. The Committee recommended the Board that it should finalise the proposed amendment and agreed that:

[7] http://www.ifrs.org/Meetings/IFRS+Interpretations+January+2012.htm

(a) the proposed amendment could be applied retrospectively rather than prospectively to be consistent with the requirements in IFRS 8.29; and

(b) paragraph 16A(g)(iv) of IAS 34 should be made consistent with paragraph 23 in IFRS 8. Consequently, the former paragraph should require "a measure of total assets **and liabilities** for a particular reportable segment…"

66. The proposed final wording is presented in Agenda Papers 12B pages 19–20 and 12C pages 19–20.

Questions–IAS 34 Interim financial reporting and segment information
1. Does the Board agree with the Committee's recommendations on finalising the amendment to IAS 34 to (a) make a similar clarification for total liabilities for a particular reportable segment; and to (b) apply the proposed amendment retrospectively rather than prospectively? 2. Do you agree with the proposed wording changes, as described in **Agenda papers 12B and 12C**?

Appendix A-—List of respondents

CL	Respondent	Country	Region	Entity type	Industry
1	Linus Low	Unspecified	Unspecified	Individual	Unspecified
2	Rajnish Ramchurun	Unspecified	Unspecified	Individual	Unspecified
3	ANZ	Australia	Oceania	Preparer	Banks-Financials
4	Chris Barnard	Unspecified	Unspecified	Individual	Unspecified
5	Deloitte	United States	Global	Accounting firm	Accounting firm
6	Avi Swed	Unspecified	Unspecified	Individual	Unspecified
7	ASB	United Kingdom	Europe	Standard-setter	Standard-setter
8	The Swedish Financial Reporting Board	Sweden	Europe	Standard-setter	Standard-setter
9	ESMA	France	Europe	Securities regulator	Securities regulator
10	Yoshinaga Yuko	Unspecified	Unspecified	Individual	Unspecified
11	Norwegian Accounting Standard Board	Norway	Europe	Standard-setter	Standard-setter
12	BP	United Kingdom	Europe	Preparer	Oil & Gas
13	AFME	United Kingdom	Europe	Preparer/ Representative body	Financials
14	ICAC	Spain	Europe	Standard-setter	Standard-setter
15	IOSCO	Spain	Global	Securities regulator	Securities regulator
16	AASB	Australia	Oceania	Standard-setter	Standard-setter
17	Roche Group	Switzerland	Europe	Preparer	Pharmaceuticals & Biotechnology-Health Care
18	BT	United Kingdom	Europe	Preparer	Telecommunications
19	SAICA	South Africa	Africa	Accountancy body	Accountancy body
20	Nestlé S.A.	Switzerland	Europe	Preparer	Personal Goods-Consumer Goods
21	BDO International	United Kingdom	Global	Accounting firm	Accounting firm

CL	Respondent	Country	Region	Entity type	Industry
22	Cobham plc	United Kingdom	Europe	Preparer	Aerospace & Defence-Industrials
23	Group of 100 (Australia)	Australia	Oceania	Preparer/ Representative body	Conglomerate
24	BASB	Belgium	Europe	Standard-setter	Standard-setter
25	FAR	Sweden	Europe	Accountancy body	Accountancy body
26	CIPFA	United Kingdom	Europe	Accountancy body	Accountancy body
27	KASB	Korea, Republic of	Asia	Standard-setter	Standard-setter
28	PricewaterhouseCoopers	United Kingdom	Global	Accounting firm	Accounting firm
29	SEAG	Sweden	Europe	Preparer / Representative body	Conglomerate
30	ACTEO	France	Europe	Preparer / Representative body	Conglomerate
31	Grant Thornton Int.	United Kingdom	Global	Accounting firm	Accounting firm
32	ICPAS	Singapore	Asia	Accountancy body	Accountancy body
33	MASB	Malaysia	Asia	Standard-setter	Standard-setter
34	ASC	Singapore	Asia	Standard-setter	Standard-setter
35	FEI	Canada	North America	Preparer/ Representative body	Conglomerate
36	GASB	Germany	Europe	Standard-setter	Standard-setter
37	RSM International Limited	United Kingdom	Global	Accounting firm	Accounting firm
38	The Japanese Institute of CPA	Japan	Asia	Accountancy body	Accountancy body
39	The Royal Bank of Scotland	United Kingdom	Europe	Preparer	Banks-Financials
40	Moore Stephens LLP	United Kingdom	Global	Accounting firm	Accounting firm
41	BBA	United Kingdom	Europe	Preparer / Representative body	Banks-Financials

CL	Respondent	Country	Region	Entity type	Industry
42	The Institute of Chartered Accountants of India	India	Asia	Accountancy body	Accountancy body
43	Ministry of Finance, People's Republic of China	China	Asia	Government/ Policymaker	Government
44	BusinessEurope	Europe	Europe	Preparer/ Representative body	Conglomerate
45	ASBJ	Japan	Asia	Standard-setter	Standard-setter
46	Siemens	Germany	Europe	Preparer	Engineering-Industrials
47	Ernst&Young	United Kingdom	Global	Accounting firm	Accounting firm
48	ZICA	Zambia	Africa	Accountancy body	Accountancy body
49	KPMG	United Kingdom	Global	Accounting firm	Accounting firm
50	Allied Irish Banks	Ireland	Europe	Preparer	Banks-Financials
51	CINIF	Mexico	North America	Standard-setter	Standard-setter
52	AcSB	Canada	North America	Standard-setter	Standard-setter
53	The Institute of Chartered Accountants of Nigeria	Nigeria	Africa	Accountancy body	Accountancy body
54	Illinois CPA Society	United States	North America	Accountancy body	Accountancy body
55	ANC	France	Europe	Standard-setter	Standard-setter
56	HSBC Holdings plc	United Kingdom	Europe	Preparer	Banks-Financials
57	CPC	Brazil	South America	Standard-setter	Standard-setter
58	Chartered Accountants Ireland	Ireland	Europe	Accountancy body	Accountancy body
59	Hong Kong Institute of CPA	China	Asia	Accountancy body	Accountancy body
60	DASB	Netherlands	Europe	Standard-setter	Standard-setter

CL	Respondent	Country	Region	Entity type	Industry
61	SEBI	India	Asia	Securities regulator	Securities regulator
62	SwissHoldings	Switzerland	Europe	Preparer /Representative body	Conglomerate
63	Shell International B.V	Netherlands	Europe	Preparer	Oil & Gas
64	ICAEW	United Kingdom	Europe	Accountancy body	Accountancy body
65	Mazars	France	Global	Accounting firm	Accounting firm
66	The Volkswagen Group	Germany	Europe	Preparer	Automobiles & Parts-Consumer Goods
67	EFRAG	Belgium	Europe	Advisory group for endorsement	Government

Appendix B—Respondents by geographical region

Respondent type	Africa	Asia	Europe	America	Oceania	Global	Unspecified	Total
Individuals							5	**5**
Accountancy Body	3	4	4	1				**12**
Accounting Firm						9		**9**
Preparer			11		1			**12**
Representative Body			6	1	1			**8**
Public Sector		1						**1**
Regulator		1	1			1		**3**
Standard-setter		4	9	3	1			**17**
Total	**3**	**10**	**31**	**5**	**3**	**10**	**5**	**67**

Appendix C—Comment letters numerical analysis

Question 1: Do you agree with the Board's proposal to amend the IFRS as described in the exposure draft? (Percentages may not add up to 100 because of rounding.)

IFRS 1 Repeated application	Number of respondents	Percentage of respondents
Agreement	31	46%
Conditional agreement	19	28%
Disagreement	5	7%
No response	12	18%
Total	**67**	**100%**
IFRS 1 Borrowing costs	**Number of respondents**	**Percentage of respondents**
Agreement	41	61%
Conditional agreement	11	16%
No response	15	22%
Total	**67**	**100%**
IAS 1 Comparative information	**Number of respondents**	**Percentage of respondents**
Agreement	32	48%
Conditional agreement	22	33%
Disagreement	2	3%
No response	11	16%
Total	**67**	**100%**
IAS 16 Classification of servicing equipment	**Number of respondents**	**Percentage of respondents**
Agreement	33	49%
Conditional agreement	17	25%
Disagreement	7	10%
No response	10	15%
Total	**67**	**100%**
IAS 32 Income tax consequences of distributions	**Number of respondents**	**Percentage of respondents**
Agreement	39	58%
Conditional agreement	12	18%
Disagreement	2	3%
No response	14	21%
Total	**67**	**100%**
IAS 34 Segment information for total assets	**Number of respondents**	**Percentage of respondents**
Agreement	50	75%
Conditional agreement	1	1%
Disagreement	1	1%
No response	15	22%
Total	**67**	**100%**

Question 2: Do you agree with the proposed transitional provisions and effective date for the issue as described in the exposure draft? (Percentages may not add up to 100 because of rounding.)

IFRS 1 Repeated application	Number of respondents	Percentage of respondents
Agreement	45	67%
Conditional agreement	1	1%
Disagreement	1	1%
No response	20	30%
Total	**67**	**100%**

IFRS 1 Borrowing costs	Number of respondents	Percentage of respondents
Agreement	48	72%
No response	19	28%
Total	**67**	**100%**

IAS 1 Comparative information	Number of respondents	Percentage of respondents
Agreement	51	76%
Disagreement	2	3%
No response	14	21%
Total	**67**	**100%**

IAS 16 Classification of servicing equipment	Number of respondents	Percentage of respondents
Agreement	42	63%
Conditional agreement	2	3%
Disagreement	5	7%
No response	18	27%
Total	**67**	**100%**

IAS 32 Income tax consequences of distributions	Number of respondents	Percentage of respondents
Agreement	48	72%
Conditional agreement	2	3%
Disagreement	1	1%
No response	16	24%
Total	**67**	**100%**

IAS 34 Segment information for total assets	Number of respondents	Percentage of respondents
Agreement	42	63%
Disagreement	8	12%
No response	17	25%
Total	**67**	**100%**