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IFRS Technical Committee

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Berlin, 11 November 2015

Dear Wayne,

IFRS IC's tentative agenda decision on IAS 32 and IFRS 5 from the September meeting

On behalf of the Accounting Standards Committee of Germany (ASCG), I am writing to comment on the IFRS IC's tentative agenda decisions regarding IAS 32—*Liabilities for pre-paid cards* and IFRS 5—*Several issues*, which were both published in the September 2015 IFRIC Update.

We partly agree with the tentative decision on the IAS 32 issue that neither an interpretation nor an amendment (or even a clarification) is necessary. We agree with the Committee's finding that, based upon the existing literature applicable to the specific fact pattern, the definition of a financial liability is met. We therefore acknowledge that the requirements of IFRS 9 (or IAS 39) apply as to when, and to what extent, a financial liability shall be derecognised. However, we wonder whether the derecognition requirements pursuant to IAS 39 (or IFRS 9) are the most appropriate in the specific fact pattern, given that the derecognition principle in IFRS 15 (or in IFRIC 13) is different. While IFRS 9 (or IAS 39) only allows for derecognition upon the entity being discharged of its liability or the liability being cancelled or having expired—without considering any probability or remoteness—, IFRS 15 would consider remoteness of redemption when determining the contract liability. As the fact pattern (in particular, the three parties involved) for prepaid cards can be compared to similar events and circumstance, e.g. points or miles being awarded under a customer loyalty programme, we wonder whether different outcomes are warranted for fact patterns that are close to each other. We suggest that this issue be flagged for a more substantial review of the derecognition requirements laid down in different standards.

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Prof. Dr. Andreas Barckow (President)
Peter Missler (Vice-President)



Further, we do not agree with the set of tentative decisions on several issues relating to IFRS 5. In general, we do not believe that it makes sense to decide upon selected issues relating to IFRS 5 now, whereas several other issues are put on hold until a broader scope project to revise IFRS 5 is initiated. Rather, and as suggested on several occasions, we think IFRS 5 deserves a comprehensive revision.

In particular, we do not agree with the decisions on *allocation of impairment losses to non-current assets* (Issue 5) and on *how to present intragroup transactions between continuing and discontinued operations* (Issue 9), which assume that in both cases sufficient guidance exists, resulting in accounting (only) the way as is proposed in the decision's wording. At least with regard to Issue 9, current accounting practice in our jurisdiction could differ from the IFRS IC's suggestion. For this reason, we object to the finding that there is clear guidance and that no diversity in practice exists.

To provide more detail on issue 9, we concur with the IFRS IC's answer being consistent with the principles of IFRS 10. However, the Committee's answer does not seem to comply with the general idea and principle of IFRS 5, which in our view is to present the continued business as if the discontinued business has already been disposed off. In other words, consolidation principles in IFRS 10 do not fit the purpose of IFRS 5, that we consider being *lex specialis*. Therefore, IFRS 5 might bear an implicit exemption from the consolidation requirements. Under this assumption, we acknowledge at least a need to clarify the hierarchy of IFRS 10 and IFRS 5 in this respect or, otherwise, a need to comprehensively review, and potentially revise and strengthen, the principles of IFRS 5.

If you would like to discuss our views further, please do not hesitate to contact Jan-Velten Große or me.

Yours sincerely,

Andreas Barckow

President

Mr. Wayne Upton

IFRS Interpretation Committee
30 Cannon Street
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Paris, November 23, 2015

RE: IFRS Interpretations Committee tentative agenda decisions, September 2015

Dear Wayne,

MAZARS is pleased to comment on the various IFRS Interpretations Committee tentative agenda decisions published in the September IFRIC Update.

We have gathered all our comments as appendices to this letter. Should you prefer us to prepare separate comment letter for each tentative agenda decision, please let us know.

Should you have any questions regarding our comments, please do not hesitate to contact Michel Barbet-Massin (+33 1 49 97 62 27) or Edouard Fossat (+33 1 49 97 65 92).

Best regards,



Michel Barbet-Massin

Head of Financial Reporting Technical Support

Appendix 2

IFRS 5 -*Non-current Assets Held for Sale and Discontinued Operations* -To what extent can an impairment loss be allocated to non-current assets within a disposal group?

(Agenda Paper 2B)

We support the view of the IFRS Interpretations Committee that paragraph 23 of IFRS 5, when referring to paragraphs 104 and 122 of IAS 36, only deals with the order of allocation of impairment losses, not their amount. The measurement of impairment losses of a disposal group arising from IFRS 5 is made according to paragraph 15 of IFRS 5, and neither paragraph 23 of IFRS 5, nor IAS 36 provisions should influence the total amount of impairment losses to recognize.

Therefore we totally agree with the Committee's tentative decision not to add this issue onto its agenda, and we share the rationale for that decision.

We nevertheless regret the Committee's decision not to deal with the other IFRS 5 related impairment issues. Questions dealing with an impairment loss for a disposal group that exceeds the carrying amount of non-current assets within the disposal group, or with the reversal of an impairment loss measured according to paragraph 15 and allocated to goodwill according to paragraph 23 of IFRS 5 are more frequent than the one addressed by the tentative agenda decision.

We strongly believe that these two issues could be dealt with according to the same rationale, making a distinction between accounting and measurement requirements under IFRS 5 and presentation and allocation requirements made by reference to IAS 36.

Considering both (a) the frequency of these questions and their possible materiality to the financial statements, and (b) our opinion that these issues could be addressed without amending IFRS 5, we regret the Committee's decision to wait for the outcome of the 2015 Agenda Consultation before (eventually) further discussing these issues.

Considering also the number of issues regarding the application of IFRS 5 that are brought to the IFRS IC, we also support the proposal by the Board to bring IFRS 5 onto its agenda.

Wayne Upton
Chairman
IFRS Interpretations Committee
30 Cannon Street
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23 November 2015

Dear Mr Upton

Tentative agenda decision – *IFRS 5 Non-current Assets Held for Sale and Discontinued Operations*: To what extent can an impairment loss be allocated to non-current assets within a disposal group?

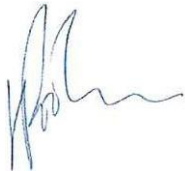
Deloitte Touche Tohmatsu Limited is pleased to respond to the IFRS Interpretations Committee's publication in the September IFRIC Update of the tentative decision not to take onto the Committee's agenda the issue of whether, in a situation in which the carrying amount of those assets exceeds the amount of the impairment loss, the allocation of an impairment loss recognised for a disposal group can reduce the carrying amount of non-current assets that are within the measurement requirements of IFRS 5 to an amount that is lower than their fair value less costs of disposal.

We agree with the IFRS Interpretations Committee's decision not to add this item onto its agenda for the reasons set out in the tentative agenda decision but recommend that the logic underpinning the Committee's conclusion be made clearer through the following addition.

"The Interpretations Committee understood this to mean that the amount of impairment that should be recognised for a disposal group would not be restricted by the fair value less costs of disposal or value in use of those non-current assets that are within the measurement requirements of IFRS 5 because when they become part of a disposal group these assets are no longer treated as individual assets subject to the allocation of impairment loss restriction of paragraph 105 of IAS 36."

If you have any questions concerning our comments, please contact Veronica Poole in London at +44 (0) 20 7007 0884.

Yours sincerely



Veronica Poole
Global IFRS Leader