



**The Institute of  
Chartered Accountants  
of Pakistan**

**Regional Directorate North**

Date: 22 January, 2008

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

Dear Sir,

**Exposure Draft of Proposed Improvements to International Financial Reporting Standards**

The Institute of Chartered Accountants of Pakistan appreciates the opportunity to make a submission in response to your invitation to comment on the above exposure draft.

We support the IASBs' annual improvements program to streamline non-urgent but necessary minor amendments to IFRSs. Overall, we agree with the proposed amendments and as such will only comment on those questions where we have specific issues to discuss.

Our responses to the specific questions outlined in the exposure draft are provided in an appendix to this letter.

If you require any further clarification, please do not hesitate to contact us.

Yours faithfully,

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*Request for Specific Comments*

**Question 4**

**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?**

**Observations**

If there are a few differences it may be possible to describe the impact on financial position and performance of the entity.

It will not be practicable at all if there are substantial differences between standards adopted and IFRSs to describe the impact on financial position and performance of the entity. On an individual country basis, some IFRSs are not applicable / adopted. This is also true in the case of adoption of certain IFRSs kept in abeyance such as IAS 39 for Banks. Complying with the IAS-1 requirement will mean that the banks will have to describe the impact on financial position and performance of the entity which in the first place were not prepared due to practical difficulties.

Alternatively, the statement of compliance can indicate simply compliance with IFRSs, except for those not adopted. In case of noncompliance of adopted / applicable IFRSs, the reasons for non-compliance without the need to prepare additional statements may be given.

When there is a substantial non compliance then the only matter requiring disclosure is reference to compliance with alternative standards (local laws & standards). This will convey the message as desired and in such cases a statement of noncompliance with IFRSs becomes unwarranted.

**Response**

We do not agree due to the reason mentioned above.

**Question 10**

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

**Response**

Yes, but in our opinion assets held for rental to others should be measured at the lower of carrying amount and fair value less costs to sell at the time of transfer to inventories and thereafter should be valued as per IAS 2 Inventories. However we understand that in the case of investment property this transfer is evidenced by commencement of development with a view to sale as stipulated in para 58 of IAS 40.