

1= Outside scope of annual improvements and disagree with proposed change. 2 = Outside scope of annual improvement, but agree with proposed change. 3 = Agree with proposed change.

Std	Question	Topic	Objective of the proposed amendment	1	2	3	Comment
IFRS 1	Q1	Restructuring of IFRS 1	The main change proposed in the restructure is to move certain transitional provisions relating to specific Standards from the main body of IFRS 1 <i>First-time Adoption of International Financial Reporting Standards</i> to Appendices. The restructure will not alter the technical content of IFRS 1.			X	We agree with the proposed improvement provided that the restructure will not alter the technical content of IFRS 1. Otherwise we find that the proposed improvement is outside the scope of an annual improvement.
IFRS 5	Q2	Plan to sell the controlling interest of a subsidiary	Clarification that assets and liabilities of a subsidiary should be classified as held for sale if the parent is committed to a sale plan involving loss of control of the subsidiary, regardless of whether the entity will retain a non-controlling interest after the sale.			x	
IFRS 7	Q3	Presentation of finance costs	Resolution of the potential conflict between IAS 1 <i>Presentation of Financial Statements</i> (revised 2007) and IFRS 7 <i>Financial Instruments: Disclosures</i> by amending the Implementation Guidance accompanying IFRS 7 to clarify that finance costs do not include interest income.			X	

1 = Outside scope of annual improvements and disagree with proposed change. 2 = Outside scope of annual improvement, but agree with proposed change. 3 = Agree with proposed change.

Std	Question	Topic	Objective of the proposed amendment	1	2	3	Comment
IAS 1 (revised 2007)	Q4	Statement of compliance with IFRSs	Amendment to prescribe additional disclosure requirements for entities that refer to IFRSs in describing the basis on which their financial statements are prepared but that are not able to make an explicit and unreserved statement of compliance with IFRSs. The proposed disclosures would require information about how an entity's financial statements would have been different if prepared in full compliance with IFRSs.	X			We do not agree with the proposed amendment and we urge the Board most strongly not to proceed with this amendment. Although we understand the Board's intention, we have great concerns that this might encourage constituents not to apply full IFRSs which would undermine the goal of IFRS to have single set of high quality, understandable and enforceable global accounting standards. We share the concerns raised by the dissenting Board members that entities and jurisdictions not adopting IFRS in full will hardly endorse such a disclosure requirement within their accounting framework anyway.

1= Outside scope of annual improvements and disagree with proposed change. 2 = Outside scope of annual improvement, but agree with proposed change. 3 = Agree with proposed change.

Std	Question	Topic	Objective of the proposed amendment	1	2	3	Comment
	Q5	Current/non-current classification of convertible instruments	Clarification that the potential settlement of a liability by the issue of equity is not relevant to its classification as current. By amending the definition of current liability, the ED would permit the liability component of a convertible instrument to be classified as non-current (provided that the entity has an unconditional right to defer settlement by transfer of cash or other assets for at least 12 months after the accounting period) notwithstanding the fact that the entity could be required to settle in shares at any time.			X	
	Q6	Current/non-current classification of derivatives	Amendment to examples in paragraphs 68 and 71 of IAS 1 (revised 2007) to clarify that financial instruments that are classified as held for trading in accordance with IAS 39 are not <u>required</u> to always be presented as current assets/liabilities.			X	
IAS 8	Q7	Status of implementation guidance	Amendment to clarify that application of the Implementation Guidance issued with IFRSs is not mandatory.			X	IASB Due Process Handbook in paragraph 41 states “The draft may also include mandatory application guidance and implementation guidance [...]”. The term ‘mandatory’ might be understood as also relating to the term ‘implementation guidance’. We therefore suggest clarifying this by adding the term ‘non-mandatory’ before the term ‘implementation guidance’.

1= Outside scope of annual improvements and disagree with proposed change. 2 = Outside scope of annual improvement, but agree with proposed change. 3 = Agree with proposed change.

Std	Question	Topic	Objective of the proposed amendment	1	2	3	Comment
IAS 10	Q8	Dividends declared after the end of the reporting period	Clarification of the explanation of why a dividend declared after the reporting period does not result in the recognition of a liability.			x	
IAS 16	Q9	Recoverable amount	Replacement of the term 'net selling price' with 'fair value less cost to sell' in the definition of recoverable amount for consistency with the wording used in IFRS 5 <i>Non-current Assets Held for Sale and Discontinued Operations</i> and IAS 36 <i>Impairment of Assets</i> .			X	

1 = Outside scope of annual improvements and disagree with proposed change. 2 = Outside scope of annual improvement, but agree with proposed change. 3 = Agree with proposed change.

Std	Question	Topic	Objective of the proposed amendment	1	2	3	Comment
IAS 16/IAS 7	Q10	Sale of assets held for rental	Amendment to address presentation issues arising from assets held for rental to others that are routinely sold in the course of an entity's ordinary activities. Entities would be required to transfer such assets to inventories at their carrying amount when they cease to be rented and are held for sale. The proceeds from the sale of such assets would be recognised as revenue in accordance with IAS 18 <i>Revenue</i> . Cash payments to manufacture or acquire such assets and cash receipts from rental and sale of such assets are to be included within operating activities.			X	We note that there is a potential for uncertainty in the practical application of the proposed paragraph 68A as neither the term 'ordinary activities' nor the term 'routinely' is defined anywhere in IFRSs. It may be considered adding definitions for these terms in IAS 16.

1 = Outside scope of annual improvements and disagree with proposed change. 2 = Outside scope of annual improvement, but agree with proposed change. 3 = Agree with proposed change.

Std	Question	Topic	Objective of the proposed amendment	1	2	3	Comment
IAS 17	Q11	Classification of land and building	Amend IAS 17 by deleting paragraph 14 and rewording paragraph 15 to state that the classification of land and building elements should be based on the general classification guidance in IAS 17 (essentially remove land classification guidance)		X		<p>We do not support the proposal to amend IAS 17 by deleting paragraph 14 and rewording paragraph 15 to state that the classification of land and building elements should be based on the general classification guidance in IAS 17 as part of the annual improvement project. The reason for this is that we do not believe that this amendment is minor.</p> <p>In our view, the proposed amendment of IAS 17 would result in a major change to the current application and interpretation of IAS 17. We note that the current practice is to interpret paragraph 14 of IAS 17 so that land is only classified as a finance lease when the title is transferred at the end of the lease term. The reason for this is that land normally has an indefinite life and hence, irrespective of the amount of prepaid lease payments and the duration of the lease term the lessor retains the significant risk and rewards.</p> <p>Although we do not support the proposed amendments as part of the annual improvement project, we would support making the proposed amendments as part of the leasing project.</p>
IAS 17	Q12	Contingent rent	Amend IAS 17 to state that contingent rent under an operating lease should be recognised as an expense by the lessee when it is incurred and as income by the lessor when it has been earned			X	<p>Generally we support the proposal to amend IAS 17 to clarify that contingent rents under an operating lease should be recognised as an expense by the lessee when it is incurred and as income by the lessor when it has been earned.</p> <p>However, we believe that the guidance in IAS 17 continues to be unclear in regards to whether if fixed should be understood as a fixed amount or a fixed percentage. For example when lease payments are linked to inflation is that component of the lease payments in itself a contingent rent or is it the future changes (i.e., the incremental changes) in the lease payments resulting from changes in inflation which constitutes the contingent rent?</p>

1= Outside scope of annual improvements and disagree with proposed change. 2 = Outside scope of annual improvement, but agree with proposed change. 3 = Agree with proposed change.

Std	Question	Topic	Objective of the proposed amendment	1	2	3	Comment
IAS 18	Q13	Costs of originating a loan	<p>Removal of inconsistency between IAS 39 and the guidance in IAS 18 relating to the definition of costs incurred in originating a financial asset that should be deferred and recognised as an adjustment to the effective interest rate. IAS 18 is amended to refer to transaction costs, as defined in IAS 39.</p> <p>The Board proposes to amend the guidance accompanying IAS 18 Revenue to remove an inconsistency with IAS 39 Financial Instruments: Recognition and Measurement. The inconsistency relates to the definition of costs incurred in originating a financial asset that should be deferred and recognised as an adjustment to the effective interest rate. The proposed amendment states that the transaction costs to be applied to the accounting for financial asset origination fees in accordance with IAS 18 are those defined in IAS 39.</p>			X	

1 = Outside scope of annual improvements and disagree with proposed change. 2 = Outside scope of annual improvement, but agree with proposed change. 3 = Agree with proposed change.

Std	Question	Topic	Objective of the proposed amendment	1	2	3	Comment
IAS 19	Q14(a)	Curtailments and negative past service cost	Clarification that when a plan amendment reduces the 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. In addition, a reference to materiality is deleted in paragraph 111 of the Standard.			X	
	Q14(b)		The Board proposes to amend IAS 19 in respect of plan amendments. Ambiguous definitions of negative past service costs and curtailments have resulted in diverse accounting for plan amendments that reduce existing benefits. This proposed amendment clarifies 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. The Board also proposes to delete a reference to materiality in paragraph 111 of IAS 19.				

1 = Outside scope of annual improvements and disagree with proposed change. 2 = Outside scope of annual improvement, but agree with proposed change. 3 = Agree with proposed change.

Std	Question	Topic	Objective of the proposed amendment	1	2	3	Comment
	Q15	Plan administration costs	<p>Amendment of the definition of return on plan assets 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.</p> <p>The Board proposes to amend the definition of return on plan assets in 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.</p>			X	

1 = Outside scope of annual improvements and disagree with proposed change. 2 = Outside scope of annual improvement, but agree with proposed change. 3 = Agree with proposed change.

Std	Question	Topic	Objective of the proposed amendment	1	2	3	Comment
	Q16	Replacement of term 'fall due'	<p>Amendment of the definition of short-term employee benefits and other long-term employee benefits to replace the term 'fall due' with 'expected to be settled' as the expected timing of settlement of the benefit is a critical factor in classifying the benefit.</p> <p>The Board proposes to replace the term 'fall due' in the definitions of short-term employee benefits and other long-term employee benefits.</p>			X	
	Q17	Guidance on contingent liabilities	<p>Removal of the reference to 'recognition' in relation to contingent liabilities as it is inconsistent with IAS 37 which states that an entity shall not recognise a contingent liability.</p> <p>The Board proposes to remove from IAS19 the reference to recognition in relation to contingent liabilities.</p>			X	
IAS 20	Q18	Consistency of terminology with other IFRSs	Amendments to conform terminology used in IAS 20 to the equivalent defined or more widely used terms.			X	

1 = Outside scope of annual improvements and disagree with proposed change. 2 = Outside scope of annual improvement, but agree with proposed change. 3 = Agree with proposed change.

Std	Question	Topic	Objective of the proposed amendment	1	2	3	Comment
	Q19	Government loans with a below-market rate of interest	Amendment to require 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.			X	
IAS 23	Q20	Components of borrowing costs	Paragraphs 6(a)-(c) of IAS 23 <i>Borrowing Costs</i> are to be replaced with a reference to interest expense calculated in accordance with the effective interest method as defined in IAS 39 to improve consistency between IFRSs. The reference to 'ancillary costs' is also deleted as there is no definition of this term in IFRSs.			x	Due to the fact that the effect of interest rate swaps arising from effective cash flow hedges of borrowings, cf. IAS 39.100 is not part of the interest expense under the effective interest method we propose that such adjustments are included in the listing of borrowing costs. We notice that with the proposed change to the definition of the effective interest method it is clarified that amortisations arising from effective fair value hedges of borrowings form part of the period's borrowing costs.
IAS 27	Q21	Measurement of subsidiary held for sale in separate financial statements	Amendment to require investments in subsidiaries that are accounted for in accordance with IAS 39 in the parent's separate financial statements to continue to be accounted for on that basis when classified as held for sale (or included in a disposal group that is classified as held for sale).			X	

1 = Outside scope of annual improvements and disagree with proposed change. 2 = Outside scope of annual improvement, but agree with proposed change. 3 = Agree with proposed change.

Std	Question	Topic	Objective of the proposed amendment	1	2	3	Comment
IAS 28/IFRS 7/IAS 32	Q22	Required disclosures when investments in associates are accounted for at fair value through profit or loss	Clarification of disclosures required in respect of investments in associates accounted for at fair value in accordance with IAS 39 (i.e. only certain disclosures in IAS 28 will be required in addition to those required by IFRS 7/IAS 32).			X	The Board should consider whether the benefits from the additional disclosures exceed the costs involved in providing them. We are not sure whether the Board's decision regarding which of the disclosures in current IAS 28 that are relevant to investments in associates accounted for at fair value is based on a clear rationale. We would assume that the only disclosure required, namely restrictions with respect of transfer of funds to the investor are relevant with respect of fair value measurement. Thus they should be disclosed as part of the methods and assumptions applied in determining the fair value of financial instruments under IFRS 7. On the other hand, the Board proposes disclosures of a different nature for joint ventures measured at fair value, namely capital commitments and a listing of significant joint ventures.
IAS 28	Q23	Impairment of investments in associates	Clarification that an investment in an associate is treated as a single asset for impairment testing. Therefore, an impairment loss recorded by an investor after applying the equity method is not allocated against any goodwill included in the equity accounted investment balance. Such an impairment charge should be reversed in a subsequent period to the extent that the recoverable amount of the associate increases.			X	
IAS 29	Q24	Consistency of terminology with other IFRSs	Amendment to conform terminology used in IAS 29 <i>Financial Reporting in Hyperinflationary Economies</i> to reflect the equivalent defined or more widely-used terms.			X	

1= Outside scope of annual improvements and disagree with proposed change. 2 = Outside scope of annual improvement, but agree with proposed change. 3 = Agree with proposed change.

Std	Question	Topic	Objective of the proposed amendment	1	2	3	Comment
IAS 31/ IFRS 7/ IAS 32	Q25	Required disclosures when interests in jointly controlled entities are accounted for at fair value through profit or loss	<p>Clarification of disclosures required in respect of interests in jointly controlled entities accounted for at fair value in accordance with IAS 39 (i.e. only certain disclosures in IAS 31 will be required in addition to those required by IFRS 7/IAS 32).</p> <p>Amend IAS 31 to clarify the disclosures required of a venturer in a jointly controlled entity that accounts for interest in the jointly controlled entity at fair value in accordance with IAS 39 with changes in fair value recognised in profit and loss.</p>			X	<p>The Board should consider whether the benefits from the additional disclosures exceed the costs involved in providing them.</p> <p>Please see our response to Q.?</p>
IAS 34	Q26	Earnings per share disclosures in interim financial reports	<p>Amendment to require the presentation of basic and diluted earnings per share in interim financial reports only when the entity is within the scope of IAS 33 <i>Earnings per Share</i>.</p> <p>Amend IAS 34 to require the presentation of basic and diluted earnings per share only when the entity is within the scope of IAS 33.</p>			X	

1 = Outside scope of annual improvements and disagree with proposed change. 2 = Outside scope of annual improvement, but agree with proposed change. 3 = Agree with proposed change.

Std	Question	Topic	Objective of the proposed amendment	1	2	3	Comment
IAS 36	Q27	Disclosure of estimates used to determine recoverable amount	Amendment to extend the disclosures required when discounted cash flows are used to estimate fair value less costs to sell.			X	
IAS 38	Q28(a) Q28(b)	Advertising and promotional activities	<p>The amendments clarify the circumstances in which an entity can recognise a prepayment asset for advertising or promotional expenditure. Recognition of an asset would be permitted up to the point at which the entity has access to the goods purchased or up to the point of receipt of services.</p> <p>Amend IAS 38 to clarify that expenditure on advertising or promotional activities training activities and start up activities to be recognised as an expense as incurred.</p>	X			We believe that the change will have a more substantial effect in practice for a large number of entities, e.g. entities where catalogues are a significant part of future sale. Therefore the change should be the subject of a stand-alone amendment project.

1= Outside scope of annual improvements and disagree with proposed change. 2 = Outside scope of annual improvement, but agree with proposed change. 3 = Agree with proposed change.

Std	Question	Topic	Objective of the proposed amendment	1	2	3	Comment
	Q29	Unit of production method of amortisation	<p>Removal of wording perceived as prohibiting the use of the unit of production method if it results in a lower amount of accumulated amortisation than under the straight-line method. Proposal makes it clear that entities may use the unit of production method when the resultant amortisation charge reflects the expected pattern of consumption of the expected future economic benefits embodied in an intangible asset.</p> <p>To remove the sentence in para. 98 which states: "There is rarely, if ever, persuasive evidence to support an amortisation method for intangible assets with finite useful lives that result in a lower amount of accumulated amortisation than under the straight-line-method".</p>			X	Yes, we agree. Though we find that it would have been sufficient to delete the words "if ever".

1 = Outside scope of annual improvements and disagree with proposed change. 2 = Outside scope of annual improvement, but agree with proposed change. 3 = Agree with proposed change.

Std	Question	Topic	Objective of the proposed amendment	1	2	3	Comment
IAS 39	Q30	Definition of a derivative	Amendment to the definition of a derivative in IAS 39 to scope in contracts linked to non-financial variables that are specific to a party to the contract.	X			<p><i>Removal of the "financial instruments or other"</i></p> <p>We find it unclear whether the removal of the wording "financial instrument or other" from the definition of a derivative has an impact on contracts or components of a contracts which will meet the definition of a derivative. We also find that the IASB has not clearly articulated the motivation and reasoning for removing this wording from the definition of a derivative.</p> <p>Consequently, we do not support this proposal.</p> <p><i>Removal of the wording on non-financial variable that is specific to a party of the contract</i></p> <p>We do not support the proposal to amend IAS 39.9 by removing from the definition of a derivative the exclusion relating to contracts linked to non-financial variables that are specific to a party to the contract, as we do not believe this is a minor amendment.</p> <p>The amendment would result in contracts linked to non-financial variables that are specific to a party to the contract, that are within the scope of IAS 39, be classified as derivatives. We note that such an exclusion has been used significantly in practice, such as for contracts linked to EBITDA, revenues etc.</p> <p>We therefore believe that the IASB should proceed with this proposal as a separate exposure draft.</p>

1 = Outside scope of annual improvements and disagree with proposed change. 2 = Outside scope of annual improvement, but agree with proposed change. 3 = Agree with proposed change.

Std	Question	Topic	Objective of the proposed amendment	1	2	3	Comment
	Q31(a) Q31(b)	Reclassifying instruments into and out of the classification of at fair value through profit or loss	IAS 39 prohibits the classification of financial instruments into or out of the fair value through profit or loss (FVTPL) category after initial recognition. Proposed amendments clarify that a derivative now meeting or ceasing to be a designated and effective hedging instrument is not a reclassification for the purposes of paragraph 50 of the Standard.			X	
	Q32	Designating and documenting hedges at the segment level	Removal of references to the designation of hedging instruments at the segment level.			X	

1= Outside scope of annual improvements and disagree with proposed change. 2 = Outside scope of annual improvement, but agree with proposed change. 3 = Agree with proposed change.

Std	Question	Topic	Objective of the proposed amendment	1	2	3	Comment
	Q33	Applicable effective interest rate on cessation of fair value hedge accounting	<p>Clarification that the revised effective interest rate calculated on cessation of fair value hedge accounting in accordance with paragraph 92 of the Standard should be used for the re-measurement of the hedged item when paragraph AG8 of the Standard is applicable.</p> <p>Amend application guidance paragraph 8 of IAS 39 to clarify that if a financial instrument's carrying amount is required to be recalculated then the revised cash flows should be discounted using the revised effective interest rate</p> <p>The amendment only relates to the revised effective interest rate adjustments arising from a fair value hedge of a financial instrument in accordance with paragraph 92 of IAS 39</p>			X	

1= Outside scope of annual improvements and disagree with proposed change. 2 = Outside scope of annual improvement, but agree with proposed change. 3 = Agree with proposed change.

Std	Question	Topic	Objective of the proposed amendment	1	2	3	Comment
	Q34	Treating loan prepayment penalties as closely related embedded derivatives	<p>Clarification that prepayment options, the exercise price of which compensates the lender for loss of interest by reducing the economic loss from reinvestment risk, are closely related to the host debt contract.</p> <p>Amend paragraph AG30(g) of IAS 39 to provide an exception that prepayment options, the exercise price of which compensates the lender for loss of interest by reducing the economic loss from reinvestment risk, as described in paragraph AG33(a), are closely related to the host debt contract</p>			X	
IAS 40/ IAS 16	Q35	Property under construction or development for future use as investment property	Amendment to bring property under construction or development for future use as an investment property within the scope of IAS 40. Such property currently falls within the scope of IAS 16.	X or	X		<p>We find that the proposed improvement is outside the scope of an annual improvement. Moreover we find that this proposed improvement will change the way income is measured in the income statement. This is in our opinion a major change of the IAS 40 that should be dealt with in a separate project concerning IAS 40.</p> <p>We have not yet decided whether to agree or disagree. This will be considered in connection with a future separate project concerning IAS 40 as suggested above.</p>
IAS 40	Q36	Consistency of terminology with IAS 8	Amendment to text to ensure consistency with the requirements of IAS 8.			X	

1 = Outside scope of annual improvements and disagree with proposed change. 2 = Outside scope of annual improvement, but agree with proposed change. 3 = Agree with proposed change.

Std	Question	Topic	Objective of the proposed amendment	1	2	3	Comment
	Q37	Investment property held under lease	Clarification as to how an investment property under lease should be recorded. Previous wording was considered misleading.			X	
IAS 41/ IFRS 5/ IAS 2/ IAS 36	Q38	Point-of-sale costs	Replacement of the terms 'point of sale costs' and 'estimated point-of-sale costs' in IAS 41 <i>Agriculture</i> with 'costs to sell' to ensure consistency with IFRS 5, IAS 2 and IAS 36.			X	
IAS 41	Q39	Discount rate for fair value calculations	Currently, IAS 41 requires that the discount rate used to determine fair value should be a pre-tax rate. The proposed amendment requires a current market-determined rate to be used, but permits this to be a pre-tax or post-tax rate according to the valuation methodology used to determine fair value.			X	
	Q40	Additional biological transformation	Removal of prohibition on taking 'additional biological transformation' into consideration when calculating the fair value of biological assets using discounted cash flows.			X	

1= Outside scope of annual improvements and disagree with proposed change. 2 = Outside scope of annual improvement, but agree with proposed change. 3 = Agree with proposed change.

Std	Question	Topic	Objective of the proposed amendment	1	2	3	Comment
	Q41	Examples of agricultural produce and products	Removal of 'logs' as an example of agricultural produce (and replacement by 'felled trees'), since logs have been processed.			X	

11. januar 2008

(X:\Udvalg\REGU\IASB\AIP.doc)