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Our ref : AdK
Date : Amsterdam, 18 November 2009
Direct dial : Tel.: (+31) 20 301 0391 / Fax: (+31) 20 301 0302
Re : **Comment on Exposure Draft Improvements to IFRS (ED/2009/11)**

Dear members of the International Accounting Standards Board,

The Dutch Accounting Standards Board (DASB) appreciates the opportunity to respond to your Exposure Draft Improvements to IFRS.

The objective of the Annual Improvements project is to provide a streamlined process for dealing efficiently with a collection of miscellaneous, non-urgent but necessary minor amendments to IFRSs. However, this objective is not met in the current ED as there are not only minor amendments, but also significant changes proposed. We, for example, expected IASB's normal due process for the proposed amendments to IAS 8, 27 and 28. We refer to our answer to Question 1.

In general, we support EFRAG in its views. Since EFRAG prepared very detailed and extensive comments, we decided to refer to the draft comment letter of EFRAG. However, we have the following points in which we qualify the views of EFRAG:

Question 1

We do not fully agree with the improvements of IFRS 3 (EFRAG Issue 4). We note that the proposed amendment states that any non-controlling interest in the acquiree shall be measured at either a "fair value or other measurement basis as required by IFRSs". Whilst we understand the rationale for this change, we do not believe that the words 'or other

measurement basis' convey fully the message that the measurement should be at fair value unless another measurement basis is specified by IFRS. In our view, it should be clarified that this is not an accounting option.

Furthermore, we do not agree with the proposed changes in IFRS 5 (EFRAG Issue 6). In IFRS 5 it is not possible to split an associate. In the improvements proposed (and not supported by the DASC) in IAS 28 the splitting will be obligatory when certain conditions are met. One part of the associate will be measured at fair value and the other part using the equity method. If, based on IFRS 5, only the equity method part can be classified as held for sale, what does the entity have to do with the fair value part?

We also do not agree with the proposed amendments to IAS 8 (EFRAG Issue 9). The IASB is proposing to update the guidance of IAS 8 so that it is in accordance with the new terminology in the revised conceptual framework. This revised framework is, however, not nearly finished. Although the new terminology from the revised conceptual framework used in the proposed amendments to IAS 8 is almost ready, it has not been released. Therefore it is impossible to assess whether the proposed amendment to IAS 8 reflects the new terminology. Furthermore, we would have expected these significant changes in IAS 8 to be part of the conceptual framework project and not part of the annual improvements.

We strongly object to the proposed changes in IAS 27 (EFRAG Issue 10), from a conceptual point of view, but also from a practical point of view:

- investments are proposed to be accounted for under IAS 39, whether either at cost or at fair value. In IAS 39 there is only a possibility to measure financial assets at cost if they are investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured. Therefore, it seems the IASB drastically limits the use of the cost method. This change is not an improvement, but a significant change and should therefore not be dealt with via an improvement project;
- the proposed changes also imply that IFRS 7 is applicable;
- the proposal also implies that derecognition is based on IAS 39 and not based on IAS 27 when control has ceased to exist;
- we do not understand why, if the fair value model is applied, this is restricted to fair value through profit or loss, whereas the available for sale category is applied in practice. We do not understand the improvement here.

We also do not agree that this is an issue that needs to be clarified. We do not understand why the IASB believes there is a problem here. In practice the impairment for an investment valued at cost is dealt with the same way as an associate using the equity method following IAS 28: Identifying impairment indicators based on IAS 39, and applying the impairment through IAS 36. In most cases the impairment calculations used in the consolidated accounts will be relevant and applicable for the impairment calculations in the entity accounts.

Finally, we do not agree with the proposed changes in IAS 28 (EFRAG Issue 12). At a conceptual level, we question whether the proposed 'mixed model' will improve accountability and/ or decision usefulness. Furthermore, we have concerns about the practicality of applying the proposals. For instance, we believe that issues are likely to arise as to how to apply the scope criteria, whether and when transfers may be made between the portion accounted for at fair value through profit or loss and the portion accounted for based on the equity method, and whether the portion subject to the exemption should be taken into account in determining whether significant influence exists.

Question 2

We do not agree with the transition provisions in respect of the improvements of IFRS 3 (EFRAG Issue 3). These provisions are applicable as of a later date (i.e. annual periods beginning on or after 1 July 2010) than revised IFRS 3 itself (i.e. annual periods beginning on or after 1 July 2009). Early adoption of the annual improvements 2009 would therefore be preferable.

Question 5

We do not agree with the extension of IFRS 5 disclosures (EFRAG Issue 14). The condition that “an entity decides to dispose of an investment property” is unclear. Since the criteria of held for sale do not apply, it remains unclear how final this decision to dispose has to be. Furthermore, the paragraphs 38 and 40 of IFRS 5 address the presentation of assets or disposal groups held for sale. These paragraphs do not address disclosure. Therefore, including this new category of ‘assets intended to be sold’ would blur the strict held for sale conditions of IFRS 5.

We reiterate that we agree with all other comments made by EFRAG.

Yours sincerely,

A handwritten signature in black ink, consisting of a stylized 'H' followed by a long horizontal stroke that curves upwards at the end.

Hans de Munnik
Chairman Dutch Accounting Standards Board