

International Accounting Standards Board
30 Cannon Street
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United Kingdom

Correspondant	Your references	Our references	Date
Ignace Bogaert Tel. +32(0)22776174		COR 2014-030	13.03.2014

Dear Sir, Madam,

Invitation to comment – IASB ED *Annual Improvements to IFRSs 2012-2014 Cycle*

The Belgian Accounting Standards Board (BASB) is pleased to respond to the Exposure Draft on *Annual Improvements to IFRSs 2012 – 2014 cycle* issued by the IASB (the “Boards”) on 11 December 2013, updated on 16 December 2013 (hereinafter the “ED”).

Question 1 – Proposed amendment

Do you agree with the IASB’s proposal to amend the Standards as described in the Exposure Draft? If not, why and what alternative do you propose?

Question 2 – Transition provisions and effective date

Do you agree with the proposed transition provisions and effective date for the issue as described in the Exposure Draft? If not, why and what alternative do you propose?

IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* – Changes in methods of disposal

The BASB agrees with the proposed amendment, transition provision and effective date. We encourage the Board to clarify in paragraph 26B that changing from one method of disposal to another (e.g., held for sale to held for distribution) does not change the ‘date of classification’, as determined in paragraphs 8 or 12A of IFRS 5. In other words, that the one year expected date of sale would not reset when there is a change in a disposal methods.

The Board indicates in the proposed BC6 that held for sale and held for distribution have the same accounting requirements, however there could be a difference between *costs to sell* and *costs to distribute*. This difference could result in a measurement difference when transitioning from held for sale to held for distribution, or vice versa. We believe that some clarification might be required.

We believe the Board could combine paragraph 26 and the proposed paragraph 26A. Both paragraphs address a similar issue but for held for sale and held for distribution, respectively. Combining these paragraphs would reduce unnecessary references to other paragraphs.

IFRS 7 Financial Instruments: Disclosure – Servicing contracts

We generally agree with the proposed amendment, transition provision and effective date.

We recommend to delete the second sentence in the proposed paragraph B30A, which states: *“the right to earn a fee for servicing the financial assets is generally continuing involvement for the purposes of applying the disclosure requirements.”*

This sentence is unnecessary because it provides a general application of the principle for servicing contracts but the determination of continuing involvement is applied based on paragraphs 42C and B30. Removing this sentence would clarify the Board’s intent and make the paragraph easier to understand.

The consequential amendment to IFRS 1 *First-Time Adoption of International Financial Reporting Standards* paragraph E4A refers to paragraph 44Y of IFRS 7, however, paragraph 44Y does not exist in IFRS 7.

We recommend that the Board verifies these references.

IFRS 7 Financial Instruments: Disclosure – Applicability of the amendments to IFRS 7 to condensed financial statements

The BASB agrees with the proposed amendment, transition provision and effective date.

IAS 19 Employee Benefits – Discount rate: regional market issue

The first sentence in paragraph 83 describes the rate that is used to discount the post-employment benefit obligation by reference to high quality corporate bonds. We believe the Board’s intention of the proposed amendment was to clarify that high quality corporate bonds are assessed based on a currency level. However the proposed amendment is included in the second sentence, which addresses what an entity does when no deep market exists. In order to achieve the Board’s intention, we recommend that the first sentence in paragraph 83 be revised in order to address the currency level issue.

IAS 34 Interim Financial Reporting – Disclosure of information ‘elsewhere in the interim financial report’

We generally agree with the proposed amendment, transition provision and effective date.

We request the Board to clarify how a cross-reference is presented when cross-referenced information is to be found outside the financial statements. If a cross-reference is too broad, users may not be able to find the required disclosure and the cross-reference would not meet the Board’s objective in proposing this amendment. Also, as indicated in IAS 34’s proposed basis of conclusions (BC3), including required information outside the financial statements *“would extend the scope of the financial statements to include the disclosure presented elsewhere in the interim financial report.”* Too broad of a cross-reference would unduly extend the perimeter of the interim financial statements.

We encourage the Board to add further clarification of the expected level of detail in the description of a cross-reference, e.g., entities should refer to separately identifiable headings where the required information is presented.

We suggest that the last sentence in the proposed amendment be further clarified to state that without the cross-reference, the interim financial statements would be incomplete. This would align the standard to the Basis for Conclusions.

The Board should clarify if the interim financial report is one document or whether it can be multiple documents. In order to address this issue, we believe deleting the second half of the sentence would clarify that the report is a single document (if this is what the Board intended).

We would suggest to revise paragraph 6A of the standard to state the following:

“The disclosures below shall be given a cross-reference from the interim financial statements to the other part of the interim financial report. As defined in this

standard, the interim financial report is a single document containing the financial statements (complete or condensed). The other part of the interim financial report must be available to users of the interim financial statements on the same terms as the interim financial statements and at the same time. If the information is provided elsewhere in the interim financial report and there is no cross-reference to the location of this information, or if there is cross-reference but users do not have access to the information incorporated by cross-reference, the interim financial statements are incomplete."

Should you wish to discuss the content of this letter with us, please contact Jan Verhoeve at jan.verhoeve@cnc-cbn.be.

Yours faithfully,

A handwritten signature in black ink, appearing to be 'Jan Verhoeve', written over a horizontal line.

Jan Verhoeve
Chairman BASB