



International Organization of Securities Commissions
Organisation internationale des commissions de valeurs
Organização Internacional das Comissões de Valores
Organización Internacional de Comisiones de Valores

12 October 2011

International Accounting Standards Board
30 Cannon Street
London
EC4M 6XH
United Kingdom

Our Reference: 2011/IE/TCSC1/IASB/128

RE: Exposure Draft: Annual Improvements to IFRSs

Dear IASB Members:

The International Organization of Securities Commissions (IOSCO) Technical Committee Standing Committee on Multinational Disclosure and Accounting (Standing Committee No. 1) thanks you for the opportunity to provide our comments regarding the International Accounting Standards Board (IASB or the Board) Exposure Draft on Annual Improvements to IFRSs (the ED or the Exposure Draft).

IOSCO is committed to promoting the integrity of international markets through promotion of high quality accounting standards, including rigorous application and enforcement. Members of Standing Committee No. 1 seek to further IOSCO's mission through thoughtful consideration of accounting and disclosure concerns and pursuit of improved transparency of global financial reporting. The comments we have provided herein reflect a general consensus among the members of Standing Committee No. 1. They are not intended to include all of the comments that might be provided by individual securities regulator members on behalf of their respective jurisdictions.

IFRS 1 – First-time Adoption of IFRS

Repeated application of IFRS 1

We recommend that the Board require disclosure of the facts and circumstances that led to the repeated application of IFRS 1, since there could potentially be a wide range of circumstances that have required an entity to do so. We believe that such disclosure would provide greater transparency to investors and minimize potential abuse of the accommodations provided by IFRS 1. We also recommend that the Board clarify that intentional noncompliance with IFRS would not be a circumstance permitting a repeated application of IFRS 1.

IAS 1 – Presentation of Financial Statements

Clarification of requirements for comparative information

The Board proposes that additional financial statement information need not be presented in the form of a complete set of financial statements for periods beyond the minimum requirements because the information would be presented voluntarily. Some entities may be required to provide additional financial statement information to fulfill their regulatory reporting obligations, and those entities may not consider that information to be “voluntarily” provided. We therefore recommend that the Board clarify the third sentence of paragraph BC1 as follows: “...additional financial statement information need not be presented in the form of a complete set of financial statements...because the information would be presented voluntarily or as a result of requirements by regulatory authorities.”

In addition, we note that paragraph 39B of IAS 1, which the Board proposes be eliminated, contains an explicit statement that the end of the previous period is the same as the beginning of the current period. We recommend that the Board add this statement into paragraph 40C to confirm that these periods are the same. Without this clarification, it could be unclear whether the statement of financial position as of the beginning of the required comparative period should reflect one additional day of business. Alternatively, if the two balance sheets are to be as of the same point in time, the Board could consider requiring that these balance sheets be captioned with the same date (and be distinguished from each other in some alternative manner).

We also recommend that the Board revise paragraph 139L to reflect the amendments made to paragraph 7, the deletion of paragraph 9 and the addition of paragraphs 9A and 9B. This may have been an oversight in drafting, as these changes are not currently reflected in the transition and effective date paragraph in the Exposure Draft.

IAS 16 – Property, Plant and Equipment

We note that the Board does not specify prospective or retrospective transition in paragraph 81G. We recommend requiring retrospective transition so the classification of servicing equipment will be comparable across the periods presented in the statement of financial position.

We also note in the effective date guidance that disclosure shall be made if early application is utilized. However, entities may have already been accounting for servicing equipment in the manner specified by the amendment and therefore would not need to apply (or early apply) this amendment. We suggest rewording the last sentence of the paragraph to state “If an entity applies the changes its accounting policy to comply with the amendment for an earlier period it shall disclose that fact.”

IAS 32 – Financial Instruments: Presentation

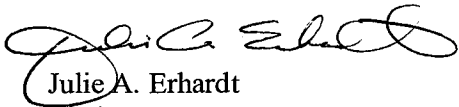
Similar to our last comment on the proposed amendment to IAS 16, we recommend that the effective date guidance be reworded to reflect that early application is only relevant if adoption of the amendment causes a change in an entity’s accounting policy.

IAS 34 – Interim Financial Reporting

We recommend that the Board require retrospective application of this amendment (rather than prospective application) so interim financial statements will be comparable.

We appreciate your thoughtful consideration of the comments raised in this letter. If you have any questions or need additional information on the recommendations and comments that we have provided, please do not hesitate to contact me at +202-551-5300.

Sincerely,



Julie A. Erhardt
Chairman
IOSCO Standing Committee No. 1
International Organization of Securities Commissions