

## STAFF PAPER

13–14 November 2012

## IFRS Interpretations Committee Meeting

Project	Annual Improvements to IFRSs—2010-2012 Cycle (ED/2012/1) comment letter analysis		
Paper topic	Cover note		
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This paper has been prepared by the staff of the IFRS Foundation for discussion at a public meeting of the IFRS Interpretations Committee. Comments made in relation to the application of an IFRS do not purport to be acceptable or unacceptable application of that IFRS—only the IFRS Interpretations Committee or the IASB can make such a determination. Decisions made by the IFRS Interpretations Committee are reported in IFRIC *Update*. The approval of a final Interpretation by the Board is reported in IASB *Update*.

## Introduction

1. The IASB published its Exposure Draft (ED) *Annual Improvements to IFRSs 2010-2012 Cycle* (ED/2012/1) in May 2012. The comment period ended on 5 September 2012 and the IASB received 84 comment letters.
2. The IASB aims to issue the final amendments in Q2 2013, with an effective date of 1 January 2014 and, depending on the results from the comment letter analysis for the proposed amendment to IFRS 3 *Business Combinations*, 1 January 2015 as originally proposed.
3. This timetable allows for two meetings with the IFRS Interpretations Committee (those in November 2012 and January 2013) and two with the IASB to redeliberate and decide on the IFRS Interpretations Committee's revised recommendations.
4. The agenda papers for this meeting are as follows:
  - Agenda paper 10A: IFRS 8 *Operating Segments*—Aggregation of operating segments
  - Agenda paper 10B: IFRS 8 *Operating Segments*—Reconciliation of the total of the reportable segments' assets to the entity's assets
  - Agenda paper 10C: IFRS 13 *Fair Value Measurement*—Short-term receivables and payables

- Agenda paper 10D will not be used at this meeting
  - Agenda paper 10E: IAS 12 *Income Taxes*—Recognition of deferred tax assets for unrealised losses
5. We plan present a comment letter analysis on the following issues in the January 2013 IFRS Interpretations Committee meeting:
- IFRS 2 *Share-based Payment*—Definition of ‘vesting condition’
  - IFRS 3 *Business Combinations*—Accounting for contingent consideration in a business combination
  - IAS 1 *Presentation of Financial Statements*—Current/non-current classification of liabilities
  - IAS 7 *Statement of Cash Flows*—Interest paid that is capitalised
  - IAS 16 *Property, Plant and Equipment* and IAS 38 *Intangible Assets*—Revaluation method—proportionate restatement of accumulated depreciation
  - IAS 24 *Related Party Disclosure*—Key management personnel
  - IAS 36 *Impairment of Assets*—Harmonisation of disclosures for value in use and fair value less costs of disposal
6. **Appendix A** contains a full list of respondents to the invitation to comment.
7. **Appendix B** contains a breakdown of respondent categories by type and geographical region.
8. **Appendix C** contains a numerical analysis of comment letters and includes a split of comments between those that support and those that oppose each of the proposed amendments.

## Appendix A—List of respondents

<b>Respondent</b>	<b>Country</b>	<b>Region</b>	<b>Entity type</b>	<b>Industry</b>
<b>Accounting Standards Board of Japan (ASBJ)</b>	Japan	Asia	Standard Setter	N/A
<b>American Council of Life Insurers (ACLI)</b>	United States	North America	Preparer / Representative body	Insurance-Financials
<b>Associação Portuguesa de Bancos/Portuguese Banking Association (APB)</b>	Portugal	Europe	Preparer / Representative body	Bank-Financials
<b>Association for Financial Markets in Europe (AFME)</b>	N/A	Europe	Preparer / Representative body	Financial Services-Financials
<b>Association of British Insurers (ABI)</b>	United Kingdom	Europe	Preparer / Representative body	Insurance-Financials
<b>Association of Chartered Certified Accountants (ACCA)</b>	N/A	Global	Accountancy body	N/A
<b>Association of German Banks</b>	Germany	Europe	Preparer / Representative body	Bank-Financials
<b>Association of International Accountants (AIA)</b>	N/A	Global	Accountancy body	N/A
<b>Association pour la Participation Entreprises Française à l'Harmonisation Comptable Internationale (ACTEO) / Association Française des Entreprises Privées (AFEP) / Movement des Entreprises de France (MEDEF)</b>	France	Europe	Preparer / Representative body	Conglomerate
<b>Australian Accounting Standards Board (AASB)</b>	Australia	Oceania	Standard Setter	N/A
<b>Australian Heads of Treasuries Accounting and Reporting Advisory Committee (HoTARAC)</b>	Australia	Oceania	Government or Policymaker	N/A
<b>Bank of New York Mellon Corporation (BNY Mellon)</b>	United States	North America	Preparer	Bank-Financials
<b>BDO IFR Advisory Limited (BDO)</b>	N/A	Global	Accounting firm	N/A
<b>BP p.l.c. (BP)</b>	United Kingdom	Europe	Preparer	Oil & Gas Producers

<b>Respondent</b>	<b>Country</b>	<b>Region</b>	<b>Entity type</b>	<b>Industry</b>
<b>British-American Tobacco (Holdings) Limited (British-American Tobacco)</b>	United Kingdom	Europe	Preparer	Personal Goods-Consumer Goods
<b>British Private Equity and Venture Capital Association (BVCA)</b>	United Kingdom	Europe	Preparer / Representative body	Financial Services-Financials
<b>BusinessEurope a.i.s.b.l. (BusinessEurope)</b>	N/A	Europe	Preparer / Representative body	Conglomerate
<b>Canadian Accounting Standards Board (AcSB)</b>	Canada	North America	Standard Setter	N/A
<b>China Accounting Standards Committee (CASC)</b>	China	Asia	Standard Setter	N/A
<b>Chris Barnard</b>	Germany	Europe	Individual	Unspecified
<b>Comit� de Pronunciamentos Cont�beis/Brazilian Accounting Pronouncements Committee (CPC)</b>	Brazil	Latin America	Standard Setter	N/A
<b>Commissie voor Boekhoudkundige Normen (BASB)</b>	Belgium	Europe	Standard Setter	N/A
<b>Committee on Corporate Reporting of the Financial Executive International Canada (FEI Canada)</b>	Canada	North America	Preparer / Representative body	Conglomerate
<b>Consejo Mexicano de Normas de Informaci�n Financiera, A.C (CINIF)</b>	Mexico	Latin America	Standard Setter	N/A
<b>Deloitte Touche Tohmatsu Limited (DTT)</b>	N/A	Global	Accounting firm	N/A
<b>Denise Silva Ferreira Juvenal</b>	Brazil	Latin America	Individual	Accounting
<b>Deutsches Rechnungslegungs Standards Committee e.V./ Accounting Standards Committee of Germany (ASCG)</b>	Germany	Europe	Standard Setter	N/A
<b>Ernst &amp; Young Global Limited (Ernst &amp; Young)</b>	N/A	Global	Accounting firm	N/A
<b>European Financial Reporting Advisory Group (EFRAG)</b>	N/A	Europe	Standard Setter	N/A
<b>European Insurance CFO Forum</b>	N/A	Europe	Preparer / Representative body	Insurance-Financials
<b>European Securities and Markets Authority (ESMA)</b>	N/A	Europe	Securities regulator	N/A

<b>Respondent</b>	<b>Country</b>	<b>Region</b>	<b>Entity type</b>	<b>Industry</b>
<b>FAR</b>	Sweden	Europe	Accountancy body	N/A
<b>Federación Argentina de Consejos Profesionales de Ciencias Económicas/ Argentine Federation of Professional Councils in Economic Sciences (FACPCE)</b>	Argentina	Latin America	Standard Setter	N/A
<b>F. Hoffmann-La Roche AG (Roche Group)</b>	Switzerland	Europe	Preparer	Pharmaceuticals & Biotechnology-Health Care
<b>Financial Accounting Standards Committee of Accounting Research and Development Foundation (FASC)</b>	Taiwan	Asia	Standard Setter	N/A
<b>Florida Institute of Certified Public Accountants (FICPA)</b>	United States	North America	Accountancy body	N/A
<b>Gesamtverband der Deutschen Versicherungswirtschaft e.V. (GDV)</b>	Germany	Europe	Preparer / Representative body	Insurance-Financials
<b>Grant Thornton International Ltd. (Grant Thornton)</b>	N/A	Global	Accounting firm	N/A
<b>Group of 100 (Australia)</b>	Australia	Oceania	Preparer / Representative body	Conglomerate
<b>Grupo Latinoamericano de Emisores de Normas de Información Financiera/Group of Latin-american Accounting Standard Setters (GLASS)</b>	N/A	Latin America	Standard Setter	N/A
<b>Hong Kong Institute of Certified Public Accountants (HKICPA)</b>	China	Asia	Accountancy body	N/A
<b>Hydro-Québec (Hydro-Quebec)</b>	Canada	North America	Preparer	Electricity-Utilities
<b>Institut der Wirtschaftsprüfer in Deutschland e.V. (IDW)</b>	Germany	Europe	Accountancy body	N/A
<b>Institute of Certified Public Accountants of Kenya (ICPAK)</b>	Kenya	Africa	Accountancy body	N/A
<b>Institute of Certified Public Accountants of Singapore (ICPAS)</b>	Singapore	Asia	Accountancy body	N/A
<b>Institute of Chartered Accountants of Pakistan (ICAP)</b>	Pakistan	Asia	Accountancy body	N/A

<b>Respondent</b>	<b>Country</b>	<b>Region</b>	<b>Entity type</b>	<b>Industry</b>
<b>Institute of Professional Accountants of Russia (IPAR)</b>	Russian Federation	Europe	Accountancy body	N/A
<b>Instituto de Contabilidad Y Auditoria de Cuentas (ICAC)</b>	Spain	Europe	Standard Setter	N/A
<b>International Association of Consultants, Valuators and Analysts (IACVA)</b>	N/A	Global	User / Representative body	N/A
<b>International Corporate Governance Network (ICGN)</b>	N/A	Global	User / Representative body	N/A
<b>International Organization of Securities Commissions (IOSCO)</b>	N/A	Global	Securities regulator	N/A
<b>Korea Accounting Standards Board (KASB)</b>	Korea, Republic of	Asia	Standard Setter	N/A
<b>KPMG IFRG Limited (KPMG)</b>	N/A	Global	Accounting firm	N/A
<b>Lin</b>	China	Asia	Individual	Unspecified
<b>Linde AG (Linde Group)</b>	Germany	Europe	Preparer	Chemicals-Basic Materials
<b>Malaysian Accounting Standards Board (MASB)</b>	Malaysia	Asia	Standard Setter	N/A
<b>Mazars</b>	N/A	Global	Accounting firm	N/A
<b>National Grid plc (National Grid)</b>	United Kingdom	Europe	Preparer	Utilities
<b>Norsk RegnskapsStiftelse/ Norwegian Accounting Standards Board</b>	Norway	Europe	Standard Setter	N/A
<b>PricewaterhouseCoopers LLP (PwC)</b>	N/A	Global	Accounting firm	N/A
<b>Raad voor de Jaarverslaggeving/Dutch Accounting Standards Board (DASB)</b>	Netherlands	Europe	Standard Setter	N/A
<b>Rådet för finansiell rapportering/Swedish Financial Reporting Board</b>	Sweden	Europe	Standard Setter	N/A
<b>Repsol</b>	Spain	Europe	Preparer	Oil & Gas Producers
<b>RSM International Limited (RSM)</b>	N/A	Global	Accountancy body	N/A
<b>Russian National Organization for Financial Accounting and Reporting Standards (NOFA)</b>	Russian Federation	Europe	IASB Group	Conglomerate
<b>Sanofi</b>	France	Europe	Preparer	Pharmaceuticals & Biotechnology-Health Care

<b>Respondent</b>	<b>Country</b>	<b>Region</b>	<b>Entity type</b>	<b>Industry</b>
<b>Securities and Exchange Board of India (SEBI)</b>	India	Asia	Securities regulator	N/A
<b>Shell International B.V (Shell)</b>	Netherlands	Europe	Preparer	Oil & Gas Producers
<b>Singapore Accounting Standards Council (ASC)</b>	Singapore	Asia	Standard Setter	N/A
<b>Sun Life Financial</b>	Canada	North America	Preparer	Insurance-Financials
<b>Svenskt Näringsliv/ Swedish Enterprise Accounting Group (SEAG)</b>	Sweden	Europe	Preparer / Representative body	Conglomerate
<b>Telus Corporation Inc. (Telus)</b>	Canada	North America	Preparer	Telecommunications
<b>The Association of Investment Companies (AIC)</b>	United Kingdom	Europe	Preparer / Representative body	Financial Services-Financials
<b>The Corporate Reporting Users Forum (CRUF)</b>	N/A	Global	User / Representative body	Financials
<b>The Institute of Certified Public Accountants in Ireland</b>	Ireland	Europe	Accountancy body	N/A
<b>The Institute of Chartered Accountants and England and Wales (ICAEW)</b>	United Kingdom	Europe	Accountancy body	N/A
<b>The South African Institute of Chartered Accountants (SAICA)</b>	South Africa	Africa	Accountancy body	N/A
<b>The 100 Group</b>	United Kingdom	Europe	Preparer / Representative body	Banks-Financials
<b>UBS AG (UBS-Liverpool Street)</b>	United Kingdom	Europe	Preparer	Banks-Financials
<b>UK Accounting Standards' Board (ASB)</b>	United Kingdom	Europe	Standard Setter	N/A
<b>Verband der Industrie- und Dienstleistungskonglomerate in der Schweiz / Fédération des groupes industriels et de services en Suisse / Federation of Industrial and Service Groups in Switzerland (SwissHoldings)</b>	Switzerland	Europe	Preparer / Representative body	Conglomerate
<b>Vereinigung zur Mitwirkung an der Entwicklung des Bilanzrechts für Familiengesellschaften e.V. (VMEBF)</b>	Germany	Europe	Preparer / Representative body	Conglomerate
<b>Volkswagen Group</b>	Germany	Europe	Preparer	Automobiles & Parts-Consumer Goods

<b>Respondent</b>	<b>Country</b>	<b>Region</b>	<b>Entity type</b>	<b>Industry</b>
<b>Zambia Institute of Chartered Accountants (ZICA)</b>	Zambia	Africa	Accountancy body	N/A



## Appendix B—Respondents by type and geographical region

Respondent type	Africa	Asia	Europe	Latin America	North America	Oceania	Global	Total
Individuals	0	1	1	1	0	0	0	<b>3</b>
Accountancy Body	3	3	5	0	1	0	3	<b>15</b>
Accounting Firm	0	0	0	0	0	0	7	<b>7</b>
Preparer	0	0	10	0	4	0	0	<b>14</b>
Representative Body	0	0	14	0	2	1	3	<b>20</b>
Public Sector	0	0	0	0	0	1	0	<b>1</b>
Regulator	0	1	1	0	0	0	1	<b>3</b>
Standard Setter	0	6	8	4	1	1	0	<b>20</b>
IASB-Group	0	0	1	0	0	0	0	<b>1</b>
<b>Total</b>	<b>3</b>	<b>11</b>	<b>40</b>	<b>5</b>	<b>8</b>	<b>3</b>	<b>14</b>	<b>84</b>

## Appendix C—Comment letters numerical analysis

**Question 1:** Do you agree with the IASB’s proposal to amend the IFRS as described in the Exposure Draft?

<b>IFRS 2 Definition of ‘vesting condition’</b>	<b>Number of Respondents</b>	<b>Percentage of Respondents</b>
Agreement	49	58.3%
Conditional Agreement	7	8.3%
Disagreement	8	9.5%
No response	20	23.9%
<b>Total</b>	<b>84</b>	<b>100.0%</b>
<b>IFRS 3 Accounting for contingent consideration in a business combination</b>	<b>Number of Respondents</b>	<b>Percentage of Respondents</b>
Agreement	41	48.8%
Conditional Agreement	9	10.7%
Disagreement	19	22.6%
No response	15	17.9%
<b>Total</b>	<b>84</b>	<b>100.0%</b>
<b>IFRS 8 Aggregation of operating segments</b>	<b>Number of Respondents</b>	<b>Percentage of Respondents</b>
Agreement	46	54.8%
Conditional Agreement	3	3.6%
Disagreement	16	19.0%
No response	19	22.6%
<b>Total</b>	<b>84</b>	<b>100.0%</b>
<b>IFRS 8 Reconciliation of the total of the reportable segments’ assets to the entity’s assets</b>	<b>Number of Respondents</b>	<b>Percentage of Respondents</b>
Agreement	58	69.0%
Conditional Agreement	2	2.4%
Disagreement	3	3.6%
No response	21	25.0%
<b>Total</b>	<b>84</b>	<b>100.0%</b>
<b>IFRS 13 Short-term receivables and payables</b>	<b>Number of Respondents</b>	<b>Percentage of Respondents</b>
Agreement	48	57.1%
Conditional Agreement	1	1.2%
Disagreement	19	22.6%
No response	16	19.1%
<b>Total</b>	<b>84</b>	<b>100.0%</b>

<b>IAS 1 Current/non-current classification</b>	<b>Number of Respondents</b>	<b>Percentage of Respondents</b>
Agreement	35	41.7%
Conditional Agreement	14	16.7%
Conditional Disagreement	1	1.2%
Disagreement	19	22.6%
No response	15	17.8%
<b>Total</b>	<b>84</b>	<b>100.0%</b>
<b>IAS 7 Interest paid that is capitalised</b>	<b>Number of Respondents</b>	<b>Percentage of Respondents</b>
Agreement	41	48.8%
Conditional Agreement	7	8.3%
Disagreement	20	23.8%
No response	16	19.1%
<b>Total</b>	<b>84</b>	<b>100.0%</b>
<b>IAS 12 Recognition of deferred tax assets for unrealised losses</b>	<b>Number of Respondents</b>	<b>Percentage of Respondents</b>
Agreement	44	52.4%
Conditional Agreement	3	3.6%
Disagreement	28	33.3%
No response	9	10.7%
<b>Total</b>	<b>84</b>	<b>100.0%</b>
<b>IAS 16 and IAS 38 Revaluation method—proportionate restatement of accumulated depreciation</b>	<b>Number of Respondents</b>	<b>Percentage of Respondents</b>
Agreement	49	58.3%
Conditional Agreement	4	4.8%
Disagreement	9	10.7%
No response	22	26.2%
<b>Total</b>	<b>84</b>	<b>100.0%</b>
<b>IAS 24 Key management personnel</b>	<b>Number of Respondents</b>	<b>Percentage of Respondents</b>
Agreement	49	58.3%
Conditional Agreement	8	9.5%
Disagreement	9	10.7%
No response	18	21.5%
<b>Total</b>	<b>84</b>	<b>100.0%</b>
<b>IAS 36 Harmonisation of disclosures for value in use and fair value less costs of disposal</b>	<b>Number of Respondents</b>	<b>Percentage of Respondents</b>
Agreement	60	71.4%
Conditional Agreement	1	1.2%
Disagreement	3	3.6%
No response	20	23.8%
<b>Total</b>	<b>84</b>	<b>100.0%</b>

**Question 2:** Do you agree with the proposed transitional provisions and effective date for the issue as described in the exposure draft?

<b>IFRS 2 Definition of 'vesting condition'</b>	<b>Number of Respondents</b>	<b>Percentage of Respondents</b>
Agreement	54	64.3%
Conditional Agreement	1	1.2%
Disagreement	6	7.1%
No response	23	27.4%
<b>Total</b>	<b>84</b>	<b>100.0%</b>
<b>IFRS 3 Accounting for contingent consideration in a business combination</b>	<b>Number of Respondents</b>	<b>Percentage of Respondents</b>
Agreement	47	56.0%
Conditional Agreement	1	1.2%
Conditional Disagreement	1	1.2%
Disagreement	13	15.5%
No response	22	26.1%
<b>Total</b>	<b>84</b>	<b>100.0%</b>
<b>IFRS 8 Aggregation of operating segments</b>	<b>Number of Respondents</b>	<b>Percentage of Respondents</b>
Agreement	54	64.3%
Conditional Agreement	1	1.2%
Undecided	1	1.2%
Disagreement	6	7.1%
No response	22	26.2%
<b>Total</b>	<b>84</b>	<b>100.0%</b>
<b>IFRS 8 Reconciliation of the total of the reportable segments' assets to the entity's assets</b>	<b>Number of Respondents</b>	<b>Percentage of Respondents</b>
Agreement	58	69.0%
Conditional Agreement	1	1.2%
Undecided	1	1.2%
Disagreement	2	2.4%
No response	22	26.2%
<b>Total</b>	<b>84</b>	<b>100.0%</b>
<b>IAS 1 Current/non-current classification</b>	<b>Number of Respondents</b>	<b>Percentage of Respondents</b>
Agreement	49	58.3%
Undecided	1	1.2%
Conditional Disagreement	1	1.2%
Disagreement	8	9.5%
No response	25	29.8%
<b>Total</b>	<b>84</b>	<b>100.0%</b>

<b>IAS 7 Interest paid that is capitalised</b>	<b>Number of Respondents</b>	<b>Percentage of Respondents</b>
Agreement	53	63.1%
Conditional Agreement	1	1.2%
Disagreement	5	6.0%
No response	25	29.7%
<b>Total</b>	<b>84</b>	<b>100.0%</b>
<b>IAS 12 Recognition of deferred tax assets for unrealised losses</b>	<b>Number of Respondents</b>	<b>Percentage of Respondents</b>
Agreement	58	69.0%
Conditional Agreement	1	1.2%
Disagreement	3	3.6%
No response	22	26.2%
<b>Total</b>	<b>84</b>	<b>100.0%</b>
<b>IAS 16 and IAS 38 Revaluation method— proportionate restatement of accumulated depreciation</b>	<b>Number of Respondents</b>	<b>Percentage of Respondents</b>
Agreement	57	67.9%
Undecided	2	2.4%
Disagreement	2	2.4%
No response	23	27.3%
<b>Total</b>	<b>84</b>	<b>100.0%</b>
<b>IAS 24 Key management personnel</b>	<b>Number of Respondents</b>	<b>Percentage of Respondents</b>
Agreement	59	70.2%
Disagreement	2	2.4%
No response	23	27.4%
<b>Total</b>	<b>84</b>	<b>100.0%</b>
<b>IAS 36 Harmonisation of disclosures for value in use and fair value less costs of disposal</b>	<b>Number of Respondents</b>	<b>Percentage of Respondents</b>
Agreement	54	64.3%
Conditional Agreement	3	3.6%
Disagreement	7	8.3%
No response	20	23.8%
<b>Total</b>	<b>84</b>	<b>100.0%</b>