

BELGIAN ACCOUNTING STANDARDS BOARD



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correspondent	Our reference	Your reference	Date
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Dear Sir,

The Belgian Accounting Standard Board welcomes the opportunity to comment on the Exposure Draft published by the International Accounting Standards Board concerning Improvements to IFRSs.

Our first comment is on the proposed amendments to **IFRS 1 First-time Adoption of International Financial Reporting Standards: Fair Value or revaluation as deemed cost**: *“If the measurement date is before the end of the first IFRS reporting period, the first-time adopter may use such event-driven fair value measurements as deemed cost for IFRSs at the date of that measurement. If the measurement date is after the first-time adopter’s date of transition to IFRS, the entity may elect a deemed cost at the date of transition that meets the criteria of D5-D7. The event-driven fair value measurement within the entity’s first IFRS reporting period is recognised as deemed cost when the event occurs.”*

This last sentence does not seem us very clear and is too abstract. In the situation when an event occurs after the date of transition to IFRSs, but during the period covered by the first IFRS financial statements, this would result in two different deemed costs: one at transition date and one when the event occurs.

In our opinion, after the transition date, entities should apply full IFRS. As a consequence of this proposal, an entity may be able to change the deemed cost, due to an event that occurs after the transition date. We also noticed that such changes do not influence the opening IFRS statement on financial position. Consequently we do not think this is a subject that has to be handled within IFRS 1.

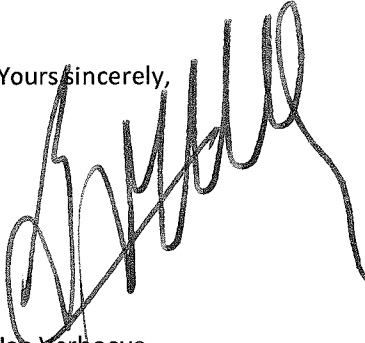
Another comment concerns the proposed amendment of **IAS 1 Presentation of Financial Statements**. The Board proposes now to state explicitly that an entity shall present the statement of changes in equity either in the statement or in the notes to the financial statements. This paragraph has been amended for several times. We hope this will now be the final conclusion.

The Board proposes to amend **IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors** in the light of the forthcoming conceptual framework. We have some concerns about the timing of this amendment. In our view it would be better to wait until the new conceptual framework is issued.

In **IAS 40 Investment Property** the Board proposes to remove the requirement to transfer investment property carried at fair value to inventory when it will be developed for sale. We agree that IAS 40 clarification is needed with respect to the classification of investment property when the management is intending to sell it, but we are not convinced that the removal of this requirement is appropriate. Due to the fact that, if the criteria are met, IFRS 5 should be applied, this could have an important impact on the results of an entity.

If you have any questions on our comments, please do not hesitate to contact us.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Jan Verhoeye', written over the text 'Yours sincerely,'.

Jan Verhoeye
Chairman Belgian Accounting Standards Board