

Secretariat:
Antonio Vivaldistraat 2-8
Postbox 7984
1008 AD Amsterdam
The Netherlands

T +31 (0)20 301 03 91
F +31 (0)20 301 02 79
rj@rjnet.nl
www.rjnet.nl

EFRAG
Attn. EFRAG Technical Expert
Group
41, Avenue des Arts
B-1040 Brussels
Belgique

Our ref : AdK
Direct dial : Tel.: (+31) 20 301 0391 / Fax: (+31) 20 301 0279
Date : Amsterdam, 6 November 2008
Re : **Comment on Annual Improvements to IFRSs**

Dear members of the EFRAG Technical Expert Group,

The Dutch Accounting Standards Board (DASB) appreciates the opportunity to respond on your draft comment letter on the ED of proposed Improvements to IFRSs.

We agree with your draft comment letter. We would like to add the following comments.

Proposed amendment to IFRS 8

We do not agree with the proposed amendment to IFRS 8 relating to the disclosure of information about segment assets. Although we agree with the objective of this amendment, we are of the opinion that this should be made clear by adjusting the wording of paragraph 23 of IFRS 8 instead of only amending the Basis for Conclusions. We believe that the wording of a standard should be clear without the need to read the Basis for Conclusions. The wording of paragraph 23 of IFRS 8 should make it completely clear that an entity shall report a measure of total assets for each reportable segment if such an amount is regularly provided to the chief operating decision maker. Therefore, we advise to adjust the first two sentences of paragraph 23 of IFRS 8. We propose the following wording:

‘An entity shall report a measure of profit or loss ~~and total assets~~ for each reportable segment. An entity shall report a measure of ~~total assets and total~~ liabilities for each reportable segment if such a respective amount is regularly provided to the chief operating decision maker.’

Proposed amendment to IAS 18

Currently IAS 18.8 does not provide guidance or indicators of when a seller is an agent or a principal. In practice, EITF 99-19 Reporting Revenue Gross or as a Principal versus Net as an Agent is often considered to determine if an entity is acting as a principal or an agent. The proposed amendment to IAS 18 is in line with this EITF. However, the amendment to IAS 18 differs on some items from this EITF. As a result it's possible that applying the proposed amendment to IAS 18 results in a different conclusion from applying EITF 99-19. Determining whether an entity is acting as an agent or principal requires a significant amount of judgment. Therefore, this issue can lead to lot of discussions between parties involved. We are concerned that unintended differences between the guidance of the proposed amendment to IAS 18 and the guidance of EITF

99-19 will result in less understandability of the proposed guidance in practice. Therefore, we believe that there should be full convergence with the guidance within US GAAP (EITF 99-19) on this issue.

The Board proposes to include in the Appendix of IAS 18 as example 21, after example 20, the guidance on determining whether an entity is acting as a principal or as an agent. As a consequence this guidance will not be part of the Standard itself. The appendix to IAS 18 accompanies, but is not part of IAS 18. We also believe that this guidance should not be presented as an example. Therefore, we propose to present this guidance as application guidance. As a consequence this guidance will be an integral part of IAS 18.

Proposed amendment to IAS 36

We do not agree with the proposed amendment to IAS 36. Although we believe that the proposed amendment clarifies the standard, we are not convinced that it was clear to everybody that this was its intended effect. Taking the strict criteria into account that need to be met in paragraph 12 of IFRS 8 it would not have been illogic to include this aggregation in determining the maximum level at which the goodwill impairment test can be performed. Additionally, this would limit the effect of IFRS 8 compared to IAS 14 in testing goodwill at a lower level, which was not the (primary) purpose of this Standard. We also believe that it would be useful to further discuss and reconsider the concept of 'monitoring goodwill' in the standard anyway (e.g., IAS 38.80 (a)) as companies generally do not monitor goodwill. Rather, companies monitor the performance of their businesses. This is a consequence of the fact that goodwill in itself is not an asset, but just a residual amount. The current concept of monitoring goodwill therefore leads to difficulties in practice for preparers and practitioners alike. We believe that the concept of goodwill monitoring and the resulting level at which goodwill is being tested for impairment should be reconsidered. As part of this re-consideration, we believe that the (current) rules-based approach of testing at the maximum level of operating segments should be included in this re-consideration as well.

We do not agree with the proposed transition provisions and effective date for the amendment to IAS 36. We believe that it is unclear what is meant with 'prospective application'. Does prospective mean that it needs to be applied to new goodwill only, or does it mean that no adjustment of comparatives would be required. If prospective means that at the effective date goodwill needs to be re-allocated it would be helpful if guidance is provided how this could be done, as well as whether any goodwill impairment resulting thereof could be charged directly to equity as part of the change in accounting policy or through the profit and loss statement. Finally we believe that it would be appropriate to perform the re-allocation as of the same date as IFRS 8 has been retrospectively applied. E.g. if IFRS 8 is applied for the first time in 2009, with adjustment of 2008 comparatives, and if the proposed amendment to IAS 36 is applied for the first time in 2010, we believe it would be appropriate to allow to account for this amendment as from 1 January 2008, in accordance with the implementation date of IFRS 8.

Yours sincerely,



Hans de Munnik
Chairman DASB