

EFRAG  
Meeûssquare 35  
1000 Brussels

Correspondant Ignace Bogaert	Our references C – 058 – 2012	Your references	Date 04.07.2012
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### Invitation to comment – Exposure Draft Annual Improvements to IFRSs 2010-2012 Cycle

Dear Sir, Madam,

The Belgian Accounting Standards Board (BASB) is pleased to respond to the Exposure Draft on *Annual improvements to IFRSs 2010 – 2012 Cycle* issued by the IASB in May 2012 (hereinafter the “ED”).

The BASB has decided to provide its view on the issues raised in the EFRAG draft comment letter of 8 June 2012; additionally, we also have certain concerns not covered in the EFRAG draft comment letter.

#### 1. IFRS 2 Share-Based Payment: Definition of vesting conditions

The BASB welcomes the separate definition for a *performance condition* and *service condition*. Based on our understanding, we believe that a *service condition* mostly relates to the respective individual receiving the share-based compensation. Whereas a *performance condition* often relates to a group of individuals within a reporting entity.

As both conditions will have to be considered, this could imply that for older employees who will meet *service condition* but fail to meet the *performance obligation* (as result of retirement) no share-based compensation can be received. We question whether or not this aspect was considered by the Board.

#### 2. Business combinations: Accounting for contingent consideration in a business combination

The BASB supports the proposed amendments. We do not agree with the comments raised by EFRAG since we believe that the own credit risk will only have a limited impact on the subsequent measurement of contingent considerations.

Secondly, we are of the opinion that IAS 39 does not require a short-term amendment to align the Standard with the principles of IFRS 9 as we fail to understand how European entities will currently be able to apply IFRS 9 early.

3. IFRS 8 – Operating Segments: Aggregation of operating segments and reconciliation of the total of reportable segments' assets to entity's assets

The BASB supports the proposed amendments but is still of the opinion that the segment assets should be considered to be a mandatory disclosure within IFRS 8. This would enable the users of the financial statements to have critical insights in the asset allocation towards the different reportable segments and the return on segment assets. Taking into account the proposed amendment, reporting entities will not always be required to disclose this information.

With respect to the disclosure of the aggregation of operating segments, the BASB fails to understand why the respective operating segments should not be disclosed separately prior to their aggregation into one reportable segment. This will enable the user to understand how certain operating segments were aggregated into reportable segments and will provide the user insights on how the aggregation criteria are being applied by a reporting entity.

4. IFRS 13 – Fair Value Measurement: Short-term receivables and payables

The BASB supports the proposed amendments.

5. IAS 1 – Presentation of Financial Statement: Current/non-current classification of liabilities

The BASB supports the proposed amendments.

6. IAS 7 – Statement of Cash Flows: Classification of interest paid that is capitalised as part of the cost of an asset

The BASB supports the proposed amendments.

7. IAS 12 – Income Taxes: Recognition of deferred tax assets for unrealised losses

The BASB supports the proposed amendments and we do not agree with the analysis of EFRAG that additional outreach would be required to ensure that the amendments will not introduce new problems as we believe that the current practice in accounting for deferred taxes with respect to these areas is already been applied as described in the proposed amendments.

Hence, based on our understanding, the amendment only affirms a current reporting practice.

8. IAS 16 and IAS 38 – Property, Plant and Equipment and Intangible assets: Revaluation method – proportionate restatement of accumulated depreciation

The BASB supports the proposed amendments.

9. IAS 24 – Related Parties Disclosure: Key management personnel

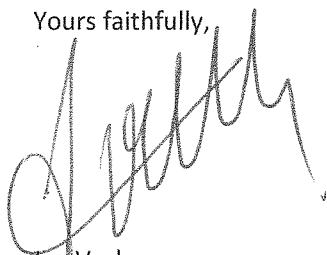
The BASB supports the proposed amendments.

10. IAS 36 – Impairment of Assets: Harmonisation of disclosure for value in use and fair value less costs to sell

The BASB agrees with the proposed amendments, but believes that they should be applied retrospectively.

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

Yours faithfully,

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

Jan Verhoeve  
Chairman BASB