

Françoise Flores
European Financial Reporting Advisory Group
35 Square de Meeûs
B-1000 Brussels
Belgium

E-mail: Commentletter@efrag.org

14 February 2013

Dear Françoise

IASB Exposure Draft *Annual Improvements to IFRSs 2011 – 2013 Cycle*

I am responding on behalf of the Financial Reporting Council (FRC) to the European Financial Reporting Advisory Group (EFRAG) draft comment letter on the above exposure draft.

The FRC has reviewed the proposals set out in the exposure draft and has responded directly to the International Accounting Standards Board's (IASB) invitation to comment. I have attached a copy of the FRC's letter to the IASB.

The FRC largely agrees with the points set out in EFRAG's draft comment letter. In respect to the transitional provisions for the proposed amendment to IAS 40, although there is merit in saying that fair values gathered at the date of acquisition would provide more relevant information to users, we believe the cost of requiring entities to apply IFRS 3 retrospectively would outweigh the benefits.

If you would like to discuss these comments, please contact Mei Ashelford on 020 7492 2420 or m.ashelford@frc.org.uk or myself.

Yours sincerely



Roger Marshall
Chair of the Accounting Council
DD: 020 7492 2434
Email: r.marshall@frc.org.uk

Hans Hoogervorst
Chairman
International Accounting Standards Board
30 Cannon Street
London
EC4M 6XH

14 February 2013

Dear Hans

IASB Exposure Draft *Annual Improvements to IFRSs 2011 – 2013 Cycle*

I am writing on behalf of the Financial Reporting Council in response to the above Exposure Draft (ED).

The FRC's responses to the questions set out in the Invitation to Comment in the ED are included as an appendix to this letter. In summary, the FRC supports the proposed amendments to International Financial Reporting Standards (IFRSs) as part of the annual improvements project. However, the FRC would like to draw the IASB's attention to one detailed comment regarding the proposed amendment to IFRS 1 as set out in the appendix.

If you would like to discuss these comments, please contact Mei Ashelford on 020 7492 2420 or m.ashelford@frc.org.uk or myself.

Yours sincerely



Roger Marshall
Chair of the Accounting Council
DD: 020 7492 2434
Email: r.marshall@frc.org.uk

Appendix

FRC responses to the general questions in the IASB Exposure Draft *Annual Improvements to IFRSs 2011 – 2013 Cycle*

Question 1

Do you agree with the IASB's proposal to amend the Standard as described in the Exposure Draft? If not, why and what alternative do you propose?

FRC response:

- 1 Overall, the FRC agrees with the amendments proposed to:
 - IFRS 3 *Business Combinations*;
 - IFRS 13 *Fair Value Measurement*; and
 - IAS 40 *Investment Property*.

- 2 With respect to the proposed amendments to IFRS 1 *First-time Adoption of International Financial Reporting Standards*, the FRC agrees that clarification on this point is required, but are reluctant to support the proposed amendments to the Basis of Conclusions alone. The FRC believes that if clarification is required, the standard itself should be amended.

Question 2

Do you agree with the proposed transitional provisions and effective date for the issue as described in the Exposure Draft? If not, why and what alternative do you propose?

FRC response:

- 3 The FRC agrees with the proposed effective date for the proposals in the ED. The FRC also agrees with the proposed transitional provisions.