



European Financial Reporting Advisory Group ■

EFRAG's views on IASB Exposure Draft *Improvements to IFRSs*

Draft comment letter

EFRAG overall position

- EFRAG agrees with all the amendments proposed by the IASB.
- EFRAG however believes that:
 - The IASB should address an internal consistency within IAS 12 *Income Tax*, in addition to the amendment to IAS 32 *Financial Instruments: Presentation*
 - IFRS 1 is growing overly complex.

EFRAG's comments



	EFRAG position
<i>Clarification of borrowing costs exemption</i>	EFRAG agrees with the IASB proposal to clarify the borrowing costs exemption, but is concerned about the increasing complexity of IFRS 1.
<i>Repeated application of IFRS 1</i>	EFRAG agrees that an entity that had previously reported in accordance with IFRSs, but had stopped doing so, should apply IFRS 1 again.
<i>Clarification of requirements for comparative information</i>	EFRAG agrees with the clarification of the requirements for comparative information. it is not necessary to reproduce in full the notes relating to the opening statement of financial position, but rather to provide the information required by IAS 8.
<i>Consistency with the updated Conceptual Framework</i>	EFRAG agrees that the wording of the objective of financial statements in IAS 1 should be aligned with that in the Conceptual Framework.

EFRAG's comments

	EFRAG position
<i>Clarification of accounting for servicing equipment</i>	<p>EFRAG agrees that the 'used only in connection with' condition in IAS 16 is too restrictive.</p> <p>EFRAG agrees with the Board that an entity should be required to take account of the intended use in the classification of servicing equipment.</p>
<i>Tax effect of distributions to holders of equity instruments</i>	<p>EFRAG agrees with the proposed amendment to IAS 32, EFRAG believes that there is also an inconsistency between the guidance in paragraph 52B of IAS 12 and that in paragraphs 58 and 61A of IAS 12.</p> <p>in paragraph 52B, dividend payments are deemed transactions that are related to profit or loss. While one might conclude under paragraphs 58 and 61A that dividends are an equity transaction with shareholders. EFRAG believes that amending IAS 32, without addressing the inconsistency above may not resolve the lack of clarity on how to account for income tax income (expense) on dividends.</p>
<i>Segment information for total assets</i>	<p>EFRAG agrees with the IASB proposal to amend the IAS 34 disclosure requirements regarding segment assets as it removes an apparent inconsistency.</p>