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Date : Amsterdam, December 22nd 2014

Re : Comment on 'Exposure Draft 2014-4 Measuring Quoted Investments in a Subsidiary, Associate or Joint Venture at Fair Value'

Dear members of the EFRAG Technical Expert Group,

The Dutch Accounting Standards Board (DASB) appreciates the opportunity to respond to your draft comment letter, dated October 29 2014 on 'Exposure Draft 2014-4 Measuring Quoted Investments in a Subsidiary, Associate or Joint Venture at Fair Value'. Your draft comment letter provides an excellent summary, with which we concur. We support your letter and therefore have decided to refer to your draft comment letter in our comment letter to the IASB. We would like to point out that a minority of our board supports the proposed amendment of the IASB, as any applied premium or discount to the market price applied by the preparer is too judgmental. Alternatively, preparers can also describe any perceived premium or discount in the notes to the financial statements.

The answers to your questions below reflect the view of the majority of DASB.

Our answers to the specific questions in your draft comment letter, are described below.

Question 14 In circumstances where you assess the fair value of an investment quoted in an active market using valuation techniques that consider more than the price and the quantity of the financial instruments making up that investment, how do you measure changes in the fair value of premiums and discounts? Please explain how this measure is reliable.

We believe that the proposal is not in line with the measurement of (individual) shares in IFRS 3.b45. This paragraph states that a control premium or discount could result in a different valuation for the investment and the non-controlling interest. Paragraph 14 of IFRS 13 states that the 'unit of account' is determined in accordance with the IFRS that requires or permits the fair value measurement (in this case, IFRS3). The proposed clarification appears to be inconsistent with the guidance in IFRS 3.b45. Furthermore, we would like to suggest that the proposed clarification will be included in IFRS 13, as IFRS 13 defines fair value and replaced the requirements regarding fair value measurements contained in individual standards. In IFRS 10, IFRS 12, IAS 27, IAS 28 and IAS 36 a clarification regarding the unit of account could be added, where deemed necessary.

Question 15 If the IASB were to proceed with these proposals (i.e. P x Q), would you support additional disclosures on premiums and discounts that have not been included in the fair value of an investment? Please explain.

We are not in favour of the proposed P x Q measurement in the Exposure Draft. However, if the IASB were to adopt this proposed amendment we would like to point out that valuations might deviate from the proposed P x Q measurement. In these situations we would support additional disclosures on the difference with the P x Q valuation and the reason and basis thereof .

Question 16 Do you believe that circumstances exist where these proposals would not result in useful information for users? Please explain.

We refer to our answer on question 14.

A minority of our board regards any applied premium or discount to the market price applied by the preparer as too judgmental to be included in the primary financial statements. Allowing preparers to make adjustments would reduce the credibility of the financial statements, not only of those preparers that apply a discount or premium, but also for the financial statements of those that do not apply a discount or premium as users need to take into account that rather arbitrary adjustments may have been made to an observable market price.

Question 33 Do you think that, with the exception of the proposed amendments to IAS 36, the proposals in this ED should be applied retrospectively which would have the benefit of providing comparable information over the past reporting periods, or do you think that the proposals in this ED should be applied prospectively in order to avoid the possible issues listed in paragraph BC33 of the ED? Please explain.

We believe that prospective application of the Exposure Draft is also acceptable, mainly for practical purposes. It is however unclear if, when the ED is applied prospectively, an impairment is recognized in the income statement or in opening equity of the current year. Furthermore we believe it is inconsistent to introduce different transition provisions for the amendments to IFRS 10, IAS 27 and IAS 28 on the one hand and IFRS 12 and IAS 36 on the other hand.

Yours sincerely,



Hans de Munnik
Chairman Dutch Accounting Standards Board

Appendix: IASB – DASB reaction to 'Exposure Draft 2014-4 Measuring Quoted Investments in a Subsidiary, Associate or Joint Venture at Fair Value'

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Date : Amsterdam, December 22nd 2014
Re : **Comment on 'Exposure Draft 2014-4 Measuring Quoted Investments in Subsidiaries, Joint Ventures and Associates at Fair Value'**

Dear members of International Accounting Standards Board,

The Dutch Accounting Standards Board (DASB) appreciates the opportunity to respond on 'Exposure Draft 2014-4 Measuring Quoted Investments in Subsidiaries, Joint Ventures and Associates at Fair Value'.

EFRAG has issued a draft comment letter, which is attached as an appendix. A majority of DASB concurs with most of the comments made by EFRAG in its draft comment letter, has made some additional comments. A minority supports the approach as proposed by the IASB. We have attached our reaction to EFRAG's draft comment letter.

Yours sincerely,



Hans de Munnik
Chairman Dutch Accounting Standards Board

Appendix: Draft comment letter of EFRAG on 'Exposure Draft 2014-4 Measuring Quoted Investments in Subsidiaries, Joint Ventures and Associates at Fair Value'

Appendix: DASB reaction to draft comment letter of EFRAG on 'Exposure Draft 2014-4 Measuring Quoted Investments in Subsidiaries, Joint Ventures and Associates at Fair Value'