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Summary and analysis of the comment letters received

Introduction and Objective

- 1 The purpose of this paper is to present to EFRAG TEG a summary and analysis of the comments received from respondents in response to EFRAG's draft endorsement advice on *Annual Improvements to IFRS Standards 2014 – 2016 Cycle*, hereafter 'the Amendments'.
- 2 Based on the comments received, the EFRAG Secretariat has not developed a revised draft EFRAG final endorsement advice. A final draft endorsement advice is presented as agenda paper 12-03.

Structure of the paper

- 3 This comment letter analysis is structured as follows:
 - (a) Background;
 - (b) Main positions in EFRAG's draft endorsement advice;
 - (c) Summary of respondents' views;
 - (d) Main positions in EFRAG Secretariat's proposed final endorsement advice;
 - (e) Appendix 1 – list of respondents.

Background

- 4 The IASB has adopted an annual process to deal with non-urgent, but necessary, Amendments to IFRS Standards (the annual improvements process). Issues dealt with in this process arise from matters raised by the IFRS Interpretations Committee and suggestions from staff or practitioners, and focus on areas of inconsistency in IFRS Standards or where clarification of wording is required.
- 5 The IASB published *Annual Improvements to IFRS Standards: 2014-2016 Cycle* (henceforth referred to as 'the Amendments') together with the related Basis for Conclusions on 8 December 2016. The Amendments were issued in draft form in November 2015 in the Exposure Draft ED/2015/10 *Annual Improvements to IFRSs: 2014-2016 Cycle*.
- 6 The ED proposes the following amendments:

IFRS 1 <i>First-time Adoption of International Financial Reporting Standards</i>	To delete the short-term exemptions in paragraphs E3 – E7 of IFRS 1, because they have now served their intended purpose.
IFRS 12 <i>Disclosure of Interests in Other Entities</i>	To clarify the scope of the standard by specifying that the disclosure requirements in the standard, except for those in paragraphs B10 – B16, apply to an entity's

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	interests listed in paragraph 5 that are classified as held for sale, as held for distribution or as discontinued operations in accordance with IFRS 5 <i>Non-current Assets Held for Sale and Discontinued Operations</i> .
IAS 28 <i>Investments in Associates and Joint Ventures</i>	To clarify that the election to measure at fair value through profit or loss an investment in an associate or a joint venture that is held by an entity that is a venture capital organisation, or other qualifying entity, is available for each investment in an associate or joint venture on an investment-by-investment basis, upon initial recognition.

- 7 EFRAG issued a draft endorsement advice and a separate invitation to comment requesting comments by 17 March 2017.

Main positions in EFRAG's *draft endorsement advice*

- 8 EFRAG's preliminary conclusion was that the Amendments meet the qualitative characteristics of relevance, reliability, comparability and understandability required to support economic decisions and the assessment of stewardship and lead to sufficiently prudent accounting. EFRAG also assessed that the Amendments do not create any distortion in their interaction with other IFRS. EFRAG also concluded that all necessary disclosures are required. Therefore, EFRAG concluded that the Amendments are not contrary to the true and fair view principle.

Summary of respondents' views

- 9 EFRAG received 6 comment letters representing 2 national standard-setters and 4 preparers.
- 10 The EFRAG Secretariat has considered all the comments received. All the respondents agreed with EFRAG's views included in the draft endorsement advice. A list of the respondents is provided in Appendix 1.

Main positions in EFRAG's *proposed final endorsement advice*

- 11 Based on the comments received, EFRAG does not propose changes to the draft endorsement advice.

Question to EFRAG TEG

- 12 Does EFRAG TEG agree with the EFRAG Secretariat's proposed final endorsement advice and to recommend it to the EFRAG Board?

Appendix 1 – List of respondents

1 Below is a list of the respondents to EFRAG’s draft endorsement advice on *Annual Improvements to IFRS Standards 2014 – 2016 Cycle*.

Name of constituent	Country	Type/Category
Financial Reporting Council (FRC)	UK	National Standard Setter
Organismo Italiano di Contabilità (OIC)	Italy	National Standard Setter
SAP SE (SAP)	Germany	Preparer
Bayer AG (Bayer)	Germany	Preparer
Daimler AG (Daimler)	Germany	Preparer
Merck KGaA (Merk)	Germany	Preparer

2 Below is a summary of the number of respondents by country and by type of respondent.

Country	Number of constituents
Germany	4
Italy	1
UK	1
Total	6

Type of constituent	Number of constituents
National Standard Setters	2
Preparers	4
Total	6