

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

27 January 2016

Dear Mr Hoogervorst

## **Exposure draft 2015/10 – Annual Improvements to IFRSs 2014-2016 Cycle**

Deloitte Touche Tohmatsu Limited is pleased to respond to the International Accounting Standards Board's (the IASB's) Exposure Draft *Annual Improvements to IFRSs 2014-2016 Cycle* ('the exposure draft').

We continue to be of the view that the Annual Improvement Project is an efficient and effective means of dealing with isolated issues within IFRSs that are leading to divergent practice and support the amendments proposed in the exposure draft, albeit with some recommendations for drafting changes and amendments to transitional provisions.

Our detailed responses to the questions in the invitation to comment are included in the Appendix to this letter.

If you have any questions concerning our comments, please contact Veronica Poole in London at +44 (0) 20 7007 0884.

Yours sincerely



Veronica Poole  
Global IFRS Leader

## Appendix

### Question 1 – Proposed amendment

*Do you agree with the IASB's proposal to amend the Standards as described in the Exposure Draft?*

*If not, why and what alternative do you propose?*

We agree with the proposed amendments for the reasons set out in the Basis for Conclusions on the exposure draft.

In respect of the proposed amendment to IFRS 12 *Disclosures of Interests in Other Entities*, whilst we agree that this is a clarification of the Board's intention in drafting the Standard we note that the IFRS Interpretations Committee is currently considering a number of issues arising from application of IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*. We believe that the number and variety of issues raised suggest that standard-setting activity is required on a number of elements of IFRS 5. Were such an exercise to be undertaken, we recommend that it should include a fresh consideration of which disclosure requirements should, and should not, apply to interests classified as held for sale, held for distribution to owners or discontinued operations.

As a point of detail on the proposed amendments to IFRS 1 *First-time Adoption of International Financial Reporting Standards*, we also recommend that the reference in proposed paragraph BC2 of the Basis for Conclusions on the exposure draft to "adjustments recognised against opening retained earnings" be amended to refer to "opening retained earnings (or, if appropriate, another category of equity)" to maintain consistency with the existing paragraph 11 of IFRS 1.

### Question 2 – Transition provisions

*Do you agree with the proposed transition provisions as described in the Exposure Draft?*

*If not, why and what alternative do you propose?*

We agree with the transition provisions proposed for the proposed amendments to IFRS 1 and IFRS 12.

In respect of the proposed amendments to IAS 28 *Investments in Associates and Joint Ventures*, however, we do not believe that entities which previously interpreted the Standard as requiring a consistent accounting policy choice between fair value and the equity method should be required to maintain that position subsequent to the clarification proposed in the exposure draft. As such, we propose that an option be provided for reclassification of individual investments as at the beginning of the annual reporting period in which the amendments are first applied.