

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

25 November 2015

Dear Mr Hoogervorst

Exposure draft 2015/4 – Updating References to the Conceptual Framework (Proposed amendments to IFRS 2, IFRS 3, IFRS 4, IFRS 6, IAS 1, IAS 8, IAS 34, SIC-27 and SIC-32)

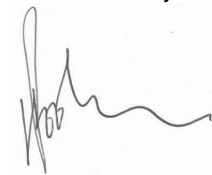
Deloitte Touche Tohmatsu Limited is pleased to respond to the International Accounting Standards Board's (the IASB's) Exposure *Draft Updating References to the Conceptual Framework (Proposed amendments to IFRS 2, IFRS 3, IFRS 4, IFRS 6, IAS 1, IAS 8, IAS 34, SIC-27 and SIC-32)* ('the exposure draft').

We agree with the proposed amendments to reference to the Conceptual Framework and with the Board's proposed means of transition.

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
Deloitte Touche Tohmatsu Limited

Appendix

Question 1 – Replacing references to the *Conceptual Framework*

The IASB proposes to amend IFRS 2, IFRS 3, IFRS 4, IFRS 6, IAS 1, IAS 8, IAS 34, SIC-27 and SIC-32 so that they will refer to the revised Conceptual Framework once it becomes effective.

Do you agree with the proposed amendments? Why or why not?

We agree with the proposed amendments for the reasons stated in the Basis for Conclusions on the exposure draft, with the following caveats:

- (a) The Board should consider whether it would be better to delete the footnote reference in Appendix A of IFRS 2 that gives the Framework definition of a liability rather than amending the footnote to give the new (proposed) definition. As we noted in our comment letter on the Conceptual Framework ED, the Board needs to “consider carefully the broader implications of shifting terms and concepts from the Framework into Standards.” Removing the footnote may be a simpler way of addressing the problem.
- (b) It is not clear why the Board is proposing to change “balance sheet” to “statement of financial position” in paragraph 31 of IAS 34, but not in paragraph 33. IFRS will still use the term “balance sheet”, so this change proposed to IAS 34.31 is isolated.

We also encourage the Board to update the definition of materiality in IAS 1 and IAS 8 upon completion of the materiality element of its Disclosure Initiative.

Question 2 – Effective date and transition

The IASB proposes that:

- (a) *a transition period of approximately 18 months should be set for the proposed amendments. Early application should be permitted.*
- (b) *the amendments should be applied retrospectively in accordance with IAS 8, except for the amendments to IFRS 3. Entities should apply the amendments to IFRS 3 prospectively, thereby avoiding the need to restate previous business combinations.*

Do you agree with the proposed transition provisions and effective date? Why or why not?

We agree that early application should be permitted and that a transition period of 18 months should be sufficient given that (with the possible exception of accounting policies developed by reference to the Conceptual Framework in accordance with IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*) the effect of these amendments on financial statements is likely to be limited.

We also agree that, in general, retrospective application of changes to accounting standards is appropriate and that the usual approach of prospective application of amendments to IFRS 3 should be applied.

We are concerned, however, that inclusion of transitional provisions in this case could give the impression that the Conceptual Framework is itself a Standard when (as stated in its Introduction) it is not. As such, we believe it would be useful to clarify that changes to accounting policies may arise through the

Conceptual Framework's interaction with paragraphs 10-11 of IAS 8 rather than because the Conceptual Framework directly changes the requirements of standards which refer to it.

Question 3 – Other comments

Do you have any other comments on the proposals?

We have no other comments.