



Kevin Stevenson  
Chairman  
Australian Accounting Standards Board  
PO Box 204  
Collins Street West VIC 8007

via email: [standard@asb.gov.au](mailto:standard@asb.gov.au)

27 February 2013

Dear Kevin

**Re: ED 229 *Annual Improvements to IFRSs 2011-2013 Cycle***

I am enclosing a copy of PricewaterhouseCoopers' response to the International Accounting Standards Board's Exposure Draft ED/2012/2 *Annual Improvements to IFRSs 2011-2013 Cycle*.

The letter reflects the views of the PricewaterhouseCoopers (PwC) network of firms and as such include our own comments on the matters raised in the request for comment. PwC refers to the network of member firms of PricewaterhouseCoopers International Limited, each of which is a separate and independent legal entity.

I would welcome the opportunity to discuss our firm's views at your convenience. Please contact me on (03) 8603 5371 if you would like to discuss our comments further.

Yours sincerely,

A handwritten signature in blue ink that reads 'Margot Le Bars'.

**Margot Le Bars**  
Partner, PricewaterhouseCoopers



**Private & Confidential**

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

**18 February 2013**

Dear Sir/Madam

**Exposure Draft ED/2012/2 – Annual Improvements to IFRSs, 2011-2013 cycle ('the Exposure Draft')**

We are responding to your invitation to comment on the Exposure Draft on behalf of PricewaterhouseCoopers.

Following consultation with members of the PricewaterhouseCoopers network of firms, this response summarises the views of member firms who commented on the Exposure Draft.

"PricewaterhouseCoopers" refers to the network of member firms of PricewaterhouseCoopers International Limited, each of which is a separate and independent legal entity.

We agree in principle with the proposed improvements. Our responses to the specific questions posed in the invitation to comment are attached as Appendix 1 to this letter and include suggestions to clarify the wording and transition provisions of several of the proposed amendments.

If you have any questions in relation to this letter please do not hesitate to contact John Hitchins, PwC Global Chief Accountant (020 7804 2497), or Mary Dolson (020 7804 2930).

Yours faithfully

A handwritten signature in black ink, appearing to read 'PricewaterhouseCoopers', written in a cursive style.

PricewaterhouseCoopers

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## Appendix 1

### Detailed responses to the specific questions in the Exposure Draft

#### **A. Proposed amendment to IFRS 1, *First-time Adoption of International Financial Reporting***

Meaning of effective IFRSs.

**Question 1:** *Do you agree with the Board's proposal to amend the IFRS as described in the exposure draft? If not, why and what alternative do you propose?*

Based on our understanding of the guidance currently in the Standard, we do not see the proposed amendment as a necessary update to improve clarity. However, to the extent the Board determines the amendment is necessary, we suggest the improvements be made directly to the Standard (specifically paragraphs 7 & 8) rather than the Basis for Conclusions.

**Question 2:** *Do you agree with the proposed transitional provisions and effective date for the issue as described in the exposure draft? If not, why and what alternative do you propose?*

If the amendment is made in the Standard, we suggest prospective application effective for annual periods beginning on or after 1 January 2014 with early application permitted.

#### **B. Proposed amendment to IFRS 3, *Business Combinations***

Scope exception for joint ventures.

**Question 1:** *Do you agree with the Board's proposal to amend the IFRS as described in the exposure draft? If not, why and what alternative do you propose?*

We support the proposal to clarify that the scope exception for joint ventures is meant to include all forms of joint arrangements defined in IFRS 11, *Joint Arrangements* in the financial statements of the joint arrangement itself.

**Question 2:** *Do you agree with the proposed transitional provisions and effective date for the issue as described in the exposure draft? If not, why and what alternative do you propose?*

We support the effective date but suggest prospective application for the amendment. Retrospective application may create a substantial burden for those entities who have early-adopted IFRS 11 and applied the scope exception in its original form.



### **C. Proposed amendments to IFRS 13, *Fair Value Measurement***

Scope of paragraph 52 (portfolio exception).

**Question 1:** *Do you agree with the Board's proposal to amend the IFRS as described in the exposure draft? If not, why and what alternative do you propose?*

We support the proposed improvement to clarify the scope of the portfolio exception.

**Question 2:** *Do you agree with the proposed transitional provisions and effective date for the issue as described in the exposure draft? If not, why and what alternative do you propose?*

We agree with the proposed transition provisions and effective date.

### **D. Proposed amendment to IAS 40, *Investment Property***

Clarifying the interrelationship of IFRS 3 *Business Combinations* and IAS 40 when classifying property as investment property or owner-occupied property.

**Question 1:** *Do you agree with the Board's proposal to amend the IFRS as described in the exposure draft? If not, why and what alternative do you propose?*

We support the proposed improvement to clarify the interrelationship of IFRS 3 and IAS 40. However, we suggest the wording updates below to clarify the following aspects of proposed paragraph 14A in IAS 40:

- Distinguish (a) the acquisition of a single asset, (b) the acquisition of a group of assets or (c) a business combination perhaps by putting a comma in the first sentence; and
- Remove one reference to IFRS 3 that seems to duplicate a portion of a more comprehensive reference provided in the final sentence of the paragraph.

Suggested updates to the proposed addition of paragraph 14A in IAS 40:

Judgement is also needed to determine whether the acquisition of investment property is the acquisition of an asset, or a group of assets or a business combination within the scope of IFRS 3 *Business Combinations*. ~~Reference should be made to IFRS 3 to determine whether it is a business combination.~~ The discussion in paragraphs 7–15 of this Standard relates to whether or not property is owner-occupied property or investment property and not to determine whether or not the acquisition of property is a business combination as defined in IFRS 3. Determining whether a specific transaction meets the definition of both a business combination as defined in IFRS 3 and includes an investment property as defined in this Standard requires the separate application of both Standards.



**Question 2:** *Do you agree with the proposed transitional provisions and effective date for the issue as described in the exposure draft? If not, why and what alternative do you propose?*

We agree with the proposed transition provisions and effective date.