



International Accounting Standards Board
30 Cannon St.
LONDON, EC4M 6XH

24 January 2008

Dear Sirs

RE: EXPOSURE DRAFT: IMPROVEMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

BUSINESSEUROPE welcomes the opportunity to comment on the exposure draft of Improvements to International Financial Reporting Standards.

In general we agree with the objective of the annual improvements process which is to allow the Board the opportunity to resolve non-urgent but necessary minor amendments. However, we believe that certain of the amendments go beyond the definition of minor (and should therefore be subject to individual due process) and/or that certain of the proposed resolutions are not correct, as set out below.

IMPROVEMENT NO. 4 IAS1 – STATEMENT OF COMPLIANCE WITH IFRS

BUSINESSEUROPE does not support the amendment because we do not believe it will have any practical effect. By definition, entities not complying fully with IFRS may simply not comply with the amendment. We have sympathy with the alternative views that the amendment appears to condone partial compliance with IFRS.

IMPROVEMENT NO. 8 IAS10 – DIVIDENDS DECLARED AFTER THE END OF THE REPORTING PERIOD

BUSINESSEUROPE agrees with the proposal. However, we suggest the amendment is classified for the treatment of declared but unpaid dividends at the end of a subsequent reporting period.

IMPROVEMENT NO. 11 IAS17 – CLASSIFICATION OF LEASES OF LAND AND BUILDINGS

Whilst BUSINESSEUROPE agrees in principle with the proposed amendment, we do not believe the change is minor. Rather, we believe that it will have a significant effect on companies affected and should be exposed separately.

IMPROVEMENT NO. 14 IAS19 – CURTAILMENT AND NEGATIVE PRIOR SERVICE COST

BUSINESSEUROPE is concerned with the amendment to paragraph 111. The replacement of the term “material” (and the associated explanation) with the term “significant” (an undefined term in IFRS) would seem to obfuscate rather than clarify the guidance in IAS19.

IMPROVEMENT NO. 19 IAS20 – GOVERNMENT LOANS WITH A BELOW-MARKET RATE OF INTEREST

Whilst BUSINESSEUROPE understands the Board’s reasoning in removing the inconsistency between IAS20 and IAS39, we question whether it is possible to define a market-rate of interest for such loans and what improvement in communication to users through financial statements the change will achieve.

IMPROVEMENT NO. 23 IAS28 – IMPAIRMENT OF INVESTMENT IN ASSOCIATE

BUSINESSEUROPE does not agree with the clarification as proposed in that, whilst goodwill is subsumed within the carrying amount of the associate in financial statements, it is for practical purposes separately identifiable. In addition, we believe the amendment effectively allows reversals of impairments of goodwill, which is not consistent with IAS36. Accordingly, we agree with the alternative view presented. Furthermore, we would clarify the amendment if it is carried forward to emphasise that reversals are made in accordance with IAS36, in particular paragraph 123.

IMPROVEMENT NO. 28 IAS38 – ADVERTISING AND PROMOTIONAL ACTIVITIES

As we understand this amendment, expenditure on, for example, a television advertisement would be expensed when the film is delivered to the entity as opposed to when it is shown. BUSINESSEUROPE does not believe this is the correct accounting treatment or, indeed, whether the area the Board is trying to address falls within the scope of IAS38. We are also concerned that the proposal will be extended by analogy to other non-intangible asset areas, such as accounting for catalogues and could be circumvented by a change in business behaviour (an unsatisfactory and, presumably, unintended consequence).

IMPROVEMENT NO. 30 IAS39 – DEFINITION OF A DERIVATIVE

BUSINESSEUROPE does not believe a change in a definition can be regarded as minor and, accordingly, believe this amendment should be exposed separately.

IMPROVEMENT NO 35 IAS40 – PROPERTY UNDER CONSTRUCTION OR DEVELOPMENT FOR FUTURE USE AS INVESTMENT PROPERTY

BUSINESSEUROPE does not agree with this amendment on the grounds that we do not believe it is practical to value investment properties under construction. We do not accept the contention in the basis of conclusions that the difficulties of estimating fair value for properties reliably have lessened significantly. We would also note that the change will be significant for certain entities and cannot be considered as minor.

In addition, we believe the following amendments to the proposed improvements should be considered:

IMPROVEMENT NO. 2 IFRS 5 – PLAN TO SELL THE CONTROLLING INTEREST IN A SUBSIDIARY

The proposed placing and wording of the clarification could be construed as suggesting that an entity need only have a committed sale plan to allow for a subsidiary to be classified as held for sale, rather than meeting all the criteria. We do not believe this was the Board's intention.

IMPROVEMENT NO. 10 IAS 16 – ASSETS HELD FOR RENTAL AND SALE

BUSINESSEUROPE suggests that the improvement would be better expressed as a general principle rather than being set out as specific industry style guidance.

We remain at your disposal in case you would like to further discuss these issues.

Yours sincerely,

A handwritten signature in blue ink, appearing to read "J. Chauvin". The signature is written in a cursive style and is underlined with a single horizontal stroke.

Jérôme P. Chauvin
Director
Legal Affairs Department
Internal Market Department