MASB MALAYSIAN ACCOUNTING STANDARDS BOARD
LEMBAGA PIAWAIAN PERAKAUNAN MALAYSIA

17 February 2016

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

Dear Mr. Hoogervorst

Exposure Draft ED/2015/10 *Annual Improvements to IFRSs 2014–2016 Cycle*

The Malaysian Accounting Standards Board (MASB) welcomes the opportunity to provide comments on Exposure Draft ED/2015/10 *Annual Improvements to IFRSs 2014–2016 Cycle*.

We have considered the proposals as described in the Exposure Draft and we agree with the proposed amendments. Our responses to the respective questions are detailed in the Appendix to this letter.

If you need further clarification, please contact Ms. Tan Bee Leng at +603 2240 9200 or by email at beeleng@masb.org.my.

Thank you.

Yours sincerely,

TAN BEE LENG
Executive Director

Suite 5.2, Level 5, Wisma UOA Pantai, No. 11, Jalan Pantai Jaya, 59200 Kuala Lumpur
Tel : (603) 2240-9200 Fax : (603) 2240-9300 Email : masb@masb.org.my Website : www.masb.org.my

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?

(a) Proposed Amendments to IFRS 1 – deletion of short-term exemptions for first-time adopters

We agree with the proposed amendments to delete the short-term exemptions.

We would like to propose that the IASB consider inserting a sunset clause to enable short term reliefs to cease to have effect after a specific date. A sunset clause will achieve the same outcome as deletion but will save the IASB the cost and time of having to go through the due process involved in deleting the short term exemptions.

(b) Proposed Amendments to IFRS 12 – clarification of the scope of the disclosure requirements

We agree with the proposed amendments to clarify that the requirements of IFRS 12 *Disclosure of Interests in Other Entities*, except for those in paragraphs B10–B16, also apply to an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities that are classified as held for sale, as held for distribution to owners in their capacity as owners (held for distribution to owners) or as discontinued operations.

However, according to IFRS 10 *Consolidated Financial Statements*, an entity continues to consolidate a subsidiary even though the subsidiary is classified as held for sale or held for distribution to owners under IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*. Therefore the entity continues to be exposed to the risks associated with the subsidiary and the effects of the subsidiary on the entity's financial position, performance and cash flows continue to exist. On this basis, we believe that the disclosure of summarised financial information according to IFRS 12 paragraphs B10 and B11 is relevant to a subsidiary regardless of its classification as held for sale or held for distribution to owners.

(c) Proposed Amendments to IAS 28 – Measuring investees at fair value through profit or loss on an investment-by-investment basis

We do not agree with the proposed amendments that a venture capital organisation (or other qualifying entity) may elect to measure each investment in an associate or joint venture at fair value through profit or loss ("FVTPL") on an investment-by-investment basis, upon initial recognition.

We believe that the proposed amendments would lead to inconsistent measurement being applied to investments within the same category (for example associate or joint venture) – this appears to conflict with the requirements of other standards such as paragraph 13 of IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* and paragraph 10 of IAS 27 *Separate Financial Statements* which require consistent application of an accounting policy.

Should the IASB decide to proceed with the proposed amendments, we recommend that the IASB develop clear criteria or guidance (for example based on business model) to assist preparers to determine which type of investments may be measured at FVTPL so that consistent accounting policy could be applied to measure assets of similar nature and category.

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?

Yes, we agree.