



November 23, 2009

CLIFF #: 222905
Website: www.iasb.org
280-20

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

Dear Sir David Tweedie:

RE: Response to Exposure Draft – Improvements to IFRSs

Thank you for the opportunity to provide feedback on the exposure draft Improvements to IFRSs.

The Summary Financial Statements of the Province of British Columbia are prepared in accordance with Canadian Public Sector Accounting Board (PSAB) standards. Since the exposure draft relates to IASB standards, the Province of BC will be impacted by the proposed revisions in the future as several of our entities are currently required to adopt IFRS in 2011. In addition, PSAB guidance may be impacted in the future.

We are mostly supportive of the improvements that are included in the exposures draft. However, we have some suggestions regarding the improvements to IFRS 7 and IFRS 34.

With respect to the proposed amendments to IFRS 7 – Financial Instruments: Disclosures, we suggest an additional disclosure improvement. We make this suggestion because of the proposed addition of clause 17A that was included in the de-recognition exposure draft dated April, 2009. The proposed clause 17A allows an entity to de-recognize a financial asset that has been transferred to another entity but retains a continuing involvement in it, even though the transferee has the practical ability to transfer the asset for the transferee's own benefit. The suggested improvement would require an entity to disclose information about de-recognized financial instrument risks retained by the entity when a transfer has been made that meets the requirements of proposed clause 17A.

With respect to proposed amendments to IAS 34 – Interim Financial Reporting, we suggest the IASB undertake a survey of financial statement users to verify that the benefits of the additional disclosure requirements actually exceed the costs to make the additional interim financial reporting disclosures.

Responses to specific questions posed in the exposure draft, with respect to IFRS 7 and IFRS 34, are attached. Should you have any comments or questions, please contact me at 250-387-6692 or by e-mail: Cheryl.Wenzenki-Yolland@gov.bc.ca, or Carl Fischer, Executive Director, Financial Reporting and Advisory Services Branch, at 250-356-9272 or by e-mail: Carl.Fischer@gov.bc.ca.

Sincerely,

A handwritten signature in black ink, consisting of several overlapping loops and a long horizontal stroke, likely belonging to Cheryl Wenzkeni-Yolland.

Cheryl Wenzkeni-Yolland, CMA, FCMA
Comptroller General

encl.

cc: Graham Whitmarsh, Deputy Minister
Ministry of Finance

Nick Paul, Deputy Secretary to the Treasury Board
Ministry of Finance

Carl Fischer, Executive Director
Financial Reporting and Advisory Services
Office of the Comptroller General

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?

With respect to the proposed IFRS 7 improvements we agree with the Board's proposals; however, we believe that section 33 would be further improved as suggested in the next paragraph:

33 For each type of risk arising from financial instruments, whether or not the financial instruments are recognized in the statement of financial position, an entity shall disclose:

Such a change would clearly articulate that risks arising from financial instruments must be disclosed whether or not the financial instrument is recognized in the statement of financial position. We believe the improvement is required, particularly in respect of off-balance sheet financial instrument risk and the off-balance sheet financial instrument risk proposals included in paragraph 17A (c) of the de-recognition exposure draft as follows:

17A An entity shall derecognise the Asset if:

- (a) ...;
- (b) ...; or
- (c) the entity transfers the Asset and retains a continuing involvement in it but the transferee has the practical ability to transfer the Asset for the transferee's own benefit.

Question 2

Do you agree with the proposed transition 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.

Question 3

The Board proposes changes to IAS 34 Interim Financial Reporting to emphasise its disclosure principles. It also adds to the guidance to illustrate better how to apply these principles. The Board published an exposure draft Fair Value Measurement in May 2009. In that exposure draft, the Board proposes that all of the fair value measurement disclosures required in IFRS 7 Financial Instruments: Disclosures for annual financial statements should also be required for interim financial statements.

Do you agree that this proposed amendment is likely to lead to more useful information being made available to investors and other users of interim financial reports? If not, why? What would you propose instead and why?

We agree that the proposed amendment is likely to lead to more useful information; however, we are concerned about the cost of preparing the same level of disclosure for interim reporting as is required for annual reporting. We suggest the IASB survey IFRSs users to determine whether the cost of enhanced quarterly financial instrument disclosure would actually exceed the benefits of that disclosure.

Question 4

The Board proposes changes to IAS 34 Interim Financial Reporting. Do you agree that amending IAS 34 to require particular disclosures to be made in interim financial statements is a more effective way of ensuring that users of interim financial statements are provided with useful information? If not, why? What approach would you propose instead and why?

As noted in our answer to question 3, we are concerned about the cost of preparing interim financial reports. As a result, we suggest the IASB survey IFRSs users to determine whether the cost of the proposed changes to interim reporting disclosures would actually exceed the benefits of that enhanced disclosure.