



Foreningen af Statsautoriserede Revisorer

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International Accounting Standards Board
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11 January 2008

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Dear Sirs

Exposure Draft of Proposed Improvements to IFRSs October 2007

The Danish Accounting Standards Committee set up by the Institute of State Authorized Public Accounts (FSR) is pleased to comment on the IASB Exposure Draft of Proposed Improvements to IFRS, issued in October 2007.

We are supportive of the idea of improving the wording of current IASs and IFRSs as an annual “package”. However, we find it very important that these annual improvements should only deal with minor amendments which are not regarded as controversial.

We have identified the following major issues which we do not find should be dealt with as a part of the Annual Improvement Project, but as separate projects:

Amendment to IAS 1 (revised 2007), Statement of Compliance with IFRSs. We do not agree with the proposed amendment. We urge the Board most strongly not to proceed with this amendment. Although we understand the Board’s intention, we have serious concerns that this might encourage constituents not to apply full IFRSs which would undermine the goal of IFRS to have a single set of high quality, understandable and enforceable global accounting standards. We share the concerns raised by the dissenting Board members that entities and jurisdictions not adopting IFRS in full will hardly endorse such a disclosure requirement within their accounting framework anyway.

Amendment to IAS 38, Advertising and Promotional Activities. We do not agree with the proposed amendment. We find that the issue should be considered as a separate project. We believe that the change will have a more substantial effect in practice for a large number of entities, e.g. entities where catalogues are a significant part of future sale. Therefore the change should be the subject of a stand-alone amendment project.

Amendments to IAS 39, Definition of a Derivative.

Removal of the “financial instruments or other”

We find it unclear whether the removal of the wording “financial instrument or other” from the definition of a derivative has an impact on contracts or components of a contracts which will meet the definition of a derivative. We also find that the IASB has not clearly articulated the motivation and reasoning for removing this wording from the definition of a derivative. Consequently, we do not support this proposal.

Removal of the wording on non-financial variable that is specific to a party of the contract

We do not support the proposal to amend IAS 39.9 by removing from the definition of a derivative the exclusion relating to contracts linked to non-financial variables that are specific to a party to the contract, as we do not believe this is a minor amendment.

The amendment would result in contracts linked to non-financial variables that are specific to a party to the contract, that are within the scope of IAS 39, be classified as derivatives. We note that such an exclusion has been used significantly in practice, such as for contracts linked to EBITDA, revenues etc.

We therefore believe that the IASB should proceed with this proposal as a separate exposure draft.

Amendments to IAS 40/IAS 16, Property under construction or development for future use as investment property

We find that the proposed improvement is outside the scope of an annual improvement. Moreover we find that this proposed improvement will change the way income is measured in the income statement. This is in our opinion a major change of the IAS 40 that should be dealt with in a separate project concerning IAS 40.

Transition provisions

Regarding the proposed transition provisions, we think it is neither necessary nor appropriate to require an entity that wants to adopt one or some of the amendments early to adopt all proposed amendments from the annual improvements project and IAS 1 Presentation of Financial Statements (as revised in 2007) early. However, we think it would be appropriate to require an entity that wants to early adopt an amendment also to early adopt any other consequential amendments resulting from it.

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Our detailed comments to the proposed amendments (Q1-Q41) appear from the enclosure.

Please do not hesitate to contact us, if you need a clarification of our comments.

Yours sincerely

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