

International  
Accounting Standards  
Committee Foundation®

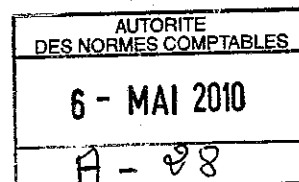
**London Address**

First Floor, 50 Cannon Street, London EC4M 6XH, United Kingdom

Telephone: +44 (0)20 7246-6410, Fax: +44 (0)20 7246-6411

E-mail: [iasb@iasb.org.uk](mailto:iasb@iasb.org.uk) Internet: [www.iasb.org.uk](http://www.iasb.org.uk)

4 May 2010



Mr Jérôme Haas  
Autorité des Normes Comptables (ANC)  
3, Boulevard Diderot  
75572  
Paris  
CEDEX 12  
France

Dear Mr. Haas

**Your letter of concerns to the Due Process Oversight Committee  
Annual Improvements Project and Due Process**

I write further to my letter dated 12 February 2010 regarding concerns relating to the IASB's compliance with its due process. Specifically, your organisation raised the concern that the work being undertaken on the annual improvements of IFRSs (IASB ED/2009/11) went beyond the stated objectives of the Annual Improvements process.

The Trustees have now had the opportunity to discuss the issues raised related to due process at two meetings. My letter of 12 February 2010 indicated a number of open issues, because the IASB was still considering the comments raised by your organisation and others. As you know, the Trustees do not involve themselves with the technical substance of the standard-setting. The Trustees emphasised the need for the IASB to give full consideration to the CNC concerns in reaching its conclusions for this year. We have been provided with the attached conclusions of the Annual Improvements from the IASB.

Based on the various discussions with IASB on this matter and the review of the attached document, the Trustees are of the view that the IASB has remained faithful to the agreed scope of the Annual Improvements process. We are satisfied that the IASB has given careful consideration to all the comments received, including those of your organisation.

At the same time, the issues raised in the original CNC letter highlight the need to improve the process to provide clarity to all stakeholders. The Trustees have now asked the IASB to present the Trustees with enhanced criteria in determining the scope of the Annual Improvements Process.

The IASB intends to develop proposals, drawing on input from the IFRIC, to present to the Trustees at their meeting in July 2010. Following approval by the Trustees, the draft

## **Appendix: Summary of 2009-2010 Annual Improvements Process**

The IASB met three times; in February, March and April to reconsider its proposed changes under the Annual Improvements project. The IASB assessed the matter relating to annual improvements and concluded that there were two aspects to this matter: the first related to the current set of proposed Annual Improvements and the second related to future Annual Improvements.

### *Current proposed Annual Improvements*

The IASB noted that the CNC letter criticised four of the proposed amendments in the August 2009 Annual Improvements Exposure Draft. All the proposed amendments were reviewed by the IFRIC in light of the comments received from constituents. Half were reviewed by the Board in February 2010. The remainder were reviewed by the Board in March 2010.

All of the proposed amendments were considered, collectively, for their appropriateness as Annual Improvements, in March 2010, prior to the IASB's ballot. The assessment was made against the current criteria ("non-urgent but necessary improvements"). The IASB considered the current set of annual improvements in conjunction with the CNC's concerns, as part of its due process. The IASB considered whether the Annual Improvements in the areas cited go beyond the stated scope of the project. As noted below, and further explained in the accompanying table, the Board took account of the CNC's concerns and in some instances; the proposed amendments have either been withdrawn or in some cases amended.

Of the four proposed amendments criticised in the CNC letter:

- One has been withdrawn (Proposed amendment to IAS 27 concerning impairment of subsidiaries).
- One has been substantially modified, fully addressing the criticisms made (Proposed amendment to IFRS 3 concerning transition requirements for contingent considerations balances).
- One has been confirmed for finalisation without modification, but conditional on the relevant Framework chapter being published first. Thus the main source of the concerns has been addressed (Proposed amendment to IAS 8 concerning use of new terminology).
- One has been finalised with only limited modification (Proposed amendment to IFRS 3 concerning measurement of non-controlling interests). The IASB considered the specific concerns raised but concluded that the proposed amendment was appropriate for inclusion in Annual Improvements.

The Board concluded that all of the improvements that were finalised met the criteria for inclusion in the Annual Improvements process.

proposals would be published for public comment. The IASB staff anticipates that analysis of comments received and recommendations for finalising the criteria would be presented to the January 2011 Trustees meeting.

The Annual Improvements cycle typically operates with an Exposure Draft of proposed improvements published in August each year, and an IFRS of the finalised improvements issued in April the following year. To avoid delays in making necessary improvements to IFRSs identified between now and January 2011, the Trustees agreed that the next Annual Improvements Exposure Draft be published using the draft criteria approved for exposure by the Trustees in July. The proposed amendments will be reassessed against the finalised criteria prior to issue of the IFRS of improvements, to be issued in April 2011.

I trust that this answers your concerns, but if you wish to obtain further clarification, please do not hesitate to contact me.

Yours sincerely

A handwritten signature in black ink, appearing to read "Antonio Vegezzi". The signature is written in a cursive style with some flourishes.

Antonio Vegezzi  
**Chairman of the Due Process Oversight Committee**