



ANNUAL IMPROVEMENTS TO IFRS STANDARDS 2018-2020

Issued 16 August 2019

ICAEW welcomes the opportunity to comment on the Annual Improvements to IFRS Standards 2018-2020 published by IASB in May 2019, a copy of which is available from this [link](#).

We agree with the proposed amendments to IFRS 1 *First-time Adoption of International Financial Reporting Standards*, IFRS 9 *Financial Instruments*, IFRS 16 *Leases* and IAS 41 *Agriculture*.

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ANSWERS TO SPECIFIC QUESTIONS

Question 1

Do you agree with the Board's proposal to amend the Standards and accompanying documents in the manner described in the Exposure Draft? If not, why not, and what do you recommend instead?

Proposed amendments to IFRS 1 *First-time Adoption of International Financial Reporting Standards*

1. We agree with the proposed amendments which would require a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to IFRS.

Proposed amendments to IFRS 9 *Financial Instruments*

2. We agree with the proposal to amend paragraph B3.3.6 of IFRS 9 to clarify that the reference to fees in the 10 per cent test includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

Proposed amendments to IFRS 16 *Leases*

3. We agree with the proposal to remove Illustrative Example 13 from IFRS 16. Although illustrative examples do not provide mandatory requirements we agree that the example in question, which provides an illustration of payments from the lessor relating to leasehold improvements, could potentially cause confusion.

IAS 41 *Agriculture*

4. We agree with the proposal to remove the requirement in paragraph 22 of IAS 41 for entities to exclude cash flows for taxation when measuring fair value.