International Accounting Standards Board
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Submitted electronically through the IFRS Foundation website (www.ifrs.org)

Exposure Draft ED/2013/11 - Annual Improvements to IFRSs 2012-2014 Cycle

Grant Thornton International Ltd is pleased to comment on the International Accounting Standards Board's (the Board) Exposure Draft ED/2013/11 *Annual Improvements to IFRSs 2012-2014 Cycle* (the ED). We have considered the ED, as well as the accompanying draft Basis for Conclusions.

Our responses to the Invitation to Comment for each of the issues covered in the ED are set out in the Appendix to this letter.

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If you have any questions on our response, or wish us to amplify our comments, please contact our Global Head of IFRS, Andrew Watchman (andrew.watchman@gti.gt.com or telephone + 44 207 391 9510).

Yours sincerely,

Kenneth C Sharp
Global Leader - Assurance Services
Grant Thornton International Ltd

Responses to Invitation to Comment questions

Issue 1: IFRS 5 Non-current Assets Held for Sale and Discontinued Operations - Changes in methods of disposal

Question 1 - do you agree with the Board's proposal to amend the Standards as described in the exposure draft? If not, why and what alternative do you propose?

We agree.

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 a prospective approach on transition. However, we suggest that the mechanics of prospective application should be clarified. Without further guidance prospective application could be interpreted as a requirement to apply the revised requirements:

- to all assets/disposal groups classified as held for sale or as held for distribution at the date of initial application, but without restating prior periods (noting that, in practice, only items subject to a prior change in a plan of disposal would be affected, and then only if the change was accounted for differently to the ED's requirements); or
- only to assets/disposal groups classified as held for sale or as held for distribution affected by a change in plan of disposal after the date of initial application.

Issue 2: IFRS 7 Financial Instruments: Disclosure - Servicing contracts

Question 1 - do you agree with the Board's proposal to amend the Standards as described in the exposure draft? If not, why and what alternative do you propose?

We agree.

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 that an entity should not be required to provide any additional disclosures consequent upon this amendment for periods before the annual period in which the amendment is applied for the first time. However, we think that proposed paragraph 44Z could be expressed more clearly; as drafted it appears to require retrospective application and then provide a relief that amounts to prospective application. We suggest that it would be clearer simply to specify prospective application.

We also suggest that proposed paragraph 44Z should be amended to specifically permit an entity to make independent choices regarding early application of this amendment and/or the accompanying amendment to paragraph 44A of IFRS 7.

Issue 3: IFRS 7 Financial Instruments: Disclosure - Applicability of the amendments to IFRS 7 to condensed interim financial statements

Question 1 - do you agree with the Board's proposal to amend the Standards as described in the exposure draft? If not, why and what alternative do you propose?

We agree.

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. As noted in our response to Issue 2 we also suggest that proposed paragraph 44Z should be amended to specifically permit an entity to make independent choices regarding early application of this amendment and/or the accompanying amendment to paragraphs B30 and B30A of IFRS 7.

Issue 4: IAS 19 Employee Benefits - Discount rate: regional market issue

Question 1 - do you agree with the Board's proposal to amend the Standards as described in the exposure draft? If not, why and what alternative do you propose?

We agree that, for the purposes of the IAS 19 discount rate, the basket of high quality corporate bonds (HQCBs) should be determined at the currency level and not at the country level. We believe that this is also the predominant practice currently.

As a drafting matter, we note that the draft Basis for Conclusions (BC3) explains that the depth of the market should be assessed at a currency level. We agree with this but the effect of the amendment goes beyond the binary assessment of whether or not the market is deep. If the market is deep when assessed on a currency basis, the basket of bonds used to determine the market yield on HQCBs is then also determined at the currency level not at the country level. We suggest BC3 is amended to clarify this.

We note that the proposed amendment also refers to government bonds and would require market yields thereon to be determined at the currency level (if the market in HQCBs is not deep when assessed on a currency basis). We do not object to this proposal, but suggest that the Basis for Conclusions should also refer to and explain this aspect of the Board's decision. It is harder to assess whether this approach is consistent with current practice because it is generally accepted that a deep market in HQCBs exists in the Eurozone. We do note that there is no reference in the ED's amendments (or in the existing version of IAS 19) to government bonds being of high quality. Accordingly, in the hypothetical event of a deep market in HQCBs ceasing to exist in the Eurozone, it is not clear how the basket of euro-denominated government bonds would be determined.

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.

Issue 5: IAS 34 Interim Financial Reporting - Disclosure of information 'elsewhere in the interim financial report'

Question 1 - do you agree with the Board's proposal to amend the Standards as described in the exposure draft? If not, why and what alternative do you propose?

We agree with the proposed clarification, which is worded consistently with the equivalent requirement relating to risk disclosures in paragraph B6 of IFRS 7.

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?

The proposed transition provisions require retrospective application. We think this could lead to confusion (given that the amendment affects the manner of delivery of information rather than the information itself). We take it that the Board's intention is that, for the interim period in which the amendment is first applied and for all subsequent interim periods, both current period and all comparative information shall be incorporated in the interim financial statements or interim financial report in a manner that complies with the revised requirements. We suggest that the Board considers whether the proposed transition guidance is sufficiently clear.