財團法人
會計研究發展基金會
ACCOUNTING RESEARCH AND DEVELOPMENT FOUNDATION

Comment Letters
International Accounting Standards Board
30 Cannon Street
London EC4M 6XH
United Kingdom

Dear Sir / Madam

Exposure Draft Of Proposed Improvements To International Financial Reporting Standards

The Special Task Force of the Financial Accounting Standards Committee (FASC) of Accounting Research and Development Foundation in Taiwan appreciates the opportunity to respond to the above exposure draft.

The enclosures are our comments on the exposure draft. The comments are those of the Special Task Force and do not necessarily represent official opinions of the FASC.

If you should have any question about our comments, please contact us. You may direct your inquiries either to myself (conrad@mail.ntpu.edu.tw) or to Ms. Chen (shining@ardf.org.tw).

Sincerely Yours,

Conrad Chang

Conrad C. Chang, Ph.D.
Chairman,
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Enclosures－Response to Exposure Draft Of Proposed Improvements To International Financial Reporting Standards

Question 2

Do you agree with the proposal to add paragraph 8A to IFRS 5 to clarify that assets and liabilities of a subsidiary should be classified as held for sale if the parent has a sale plan involving loss of control of the subsidiary? If not, why?

Response

We agree with the proposal to add paragraph 8A to IFRS 5. However, we are not sure whether the income and expense of the subsidiary which had been classified as held for sale will be included in the consolidated income statement. We believe that more guidance about this subject is needed.

Proposed amendments to International Accounting Standard 39

Response

We agree with the proposal to amend IAS39. In addition, we have a suggestion to modify the inconsistent principle for debtors and creditors at the time of the substantial modification of the terms of financial instruments in IAS39. IAS39 requires that debtors calculate the gain of the modification at current market interest rate (Paragraph 40), while creditors calculate the loss of the modification at original effective interest rate (Paragraph AG84). Since the credit condition of the debtor becomes worse, the market interest rate is usually much higher than the original effective interest rate. Therefore, the gain recognized by the debtor will be greater than the loss recognized by the creditor. We believe that the financial information can become more relevant and more prudent if both creditors and debtors calculate gain or loss at current market interest rate at the time of the substantial modification of the terms of financial instruments.

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