February 7, 2013

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

Dear Sir/Madam

Exposure Draft ED/2012/2

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 attachments (Attachment 1) are our comments to this exposure draft. The comments are those of the Special Task Force and do not necessarily represent official opinions of the FASC.
If you have any question about our comments, please contact us via yanntsai@ntu.edu.tw.

Sincerely Yours,

Yann Tsai

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Attachment 1

Exposure Draft ED/2012/2 Annual Improvements to IFRSs 2011—2013 Cycle

IFRS1 *First-time Adoption of International Financial Reporting Standards*

Question 1 –Meaning of effective IFRSs

The IASB proposes to amend paragraph BC11 and add paragraph BC11A to clarify that if a new IFRS is not yet mandatory but permits early application, that IFRS is permitted, but not required, to be applied in the entity's first IFRS financial statements.

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

Response to the above Question:

We agree with the proposed amendments.

Question 2–Transitional provisions and effective date

The Board proposes that an entity shall apply those amendments for annual periods beginning on or after 1 January 2014 (see other proposed amendments). Earlier application is permitted. Do you agree with the proposed transitional provisions and effective date for the issue as described in the exposure draft? If not, why and what alternative do you propose?

Response to the above Question:

We don't have particular advice on the proposed transitional provisions and effective date.

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IFRS 3 *Business Combinations*

Question 1 –Scope exceptions for joint ventures
The IASB proposes to amend paragraph 2(a) to:
(a) exclude the formation of all types of joint arrangements as defined in IFRS 11 Joint Arrangements , ie joint ventures and joint operations, from the scope of IFRS 3; and
(b) clarify that the scope exception only applies to the financial statements of the joint venture or the joint operation itself.
Do you agree with the IASB's proposal to amend the Standard as described in the Exposure Draft? If not, why and what alternative do you propose?

Response to the above Question:

The amendment maybe would clarify the scope exception in IFRS3 and improve consistency of the term between IFRS3 and IFRS11. However, this IFRS does not apply to the accounting for the formation of a subsidiary in the financial statements of the subsidiary itself, either. But paragraph 2 does not mention the scope exception for the formation of a subsidiary. Therefore, we suggest deleting paragraph 2 (a), because there is no doubt about "This IFRS does not apply to the accounting for the formation of a joint arrangement joint venture in the financial statements of the joint arrangement itself"

Question 2 – Transitional provisions and effective date
The Board proposes that an entity shall apply that amendment apply that amendment retrospectively in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors for annual periods beginning on or after 1 January 2014. Earlier application is permitted.
Do you agree with the proposed transitional provisions and effective date for the issue as described in the exposure draft? If not, why and what alternative do you propose?

Response to the above Question:

We do not have particular advice on the proposed transitional provisions and effective date.

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IFRS 13 *Fair Value Measurement*

Question 1 –Scope of portfolio exception

Paragraph 52 of IFRS 13 defines the scope of the exception that permits an entity to measure the fair value of a group of financial assets and financial liabilities on a net basis if the entity manages that group of financial assets and financial liabilities on the basis of its net exposure to either market risk or credit risk. This is referred to as the portfolio exception. The IASB proposes to amend paragraph 52 to clarify that the portfolio exception applies to all contracts within the scope of IAS 39 Financial Instruments: Recognition and Measurement or IFRS 9 Financial Instruments, regardless of whether they meet the definitions of financial assets or financial liabilities as defined in IAS 32 Financial Instruments: Presentation.

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Do you agree with the IASB's proposal to amend the Standard as described in the Exposure Draft? If not, why and what alternative do you propose?

Response to the above Question:

We agree with the proposed amendment. The amendment will clarify the scope of portfolio exception in IFRS13 and make the requirement more clearly.

Question 2 – Transitional provisions and effective date

The Board proposes that an entity shall apply that amendment retrospectively in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors for annual periods beginning on or after 1 January 2014. Earlier application is permitted.

Do you agree with the proposed transitional provisions and effective date for the issue as described in the exposure draft? If not, why and what alternative do you propose?

Response to the above Question:

We do not have particular advice on the proposed transitional provisions and effective date.

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IAS 40 *Investment Property*

Question 1 –Acquisition of investment property: interrelationship with IFRS 3

The IASB proposes to amend IAS 40 to clarify that:

(a) judgement is required to determine whether the acquisition of investment property is the acquisition of an asset, a group of assets or a business combination in the scope of IFRS 3; and

(b) that this judgement is not based on paragraphs 7–15 of IAS 40 but is instead based on the guidance in IFRS 3.

Do you agree with the IASB's proposal to amend the Standard as described in the Exposure Draft? If not, why and what alternative do you propose?

Response to the above Question:

We agree with the proposed amendment. The amendment will clarify that the requirements between IFRS3 and IAS40 are not mutually exclusive and specify that judgement is also needed to determine whether the transaction is solely the acquisition of an investment property or whether it is the acquisition of a group of assets or a business combination within the scope of IFRS 3. In addition, the amendment will also decrease the diversity in practice.

Question 2 – Transitional provisions and effective date

The Board proposes that an entity shall apply that amendment prospectively for acquisitions of investment property from the beginning of the first period for which it adopts that amendment. Consequently, amounts recognised for acquisitions of investment property in prior periods shall not be adjusted. An entity shall apply that amendment for annual periods beginning on or after 1 January 2014. Earlier application is permitted.

Do you agree with the proposed transitional provisions and effective date for the issue as described in the exposure draft? If not, why and what alternative do you propose?

Response to the above Question:

We do not have particular advice on the proposed transitional provision and effective date.

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