financial executives international

canada

April 23, 2013

International Accounting Standards Board
30 Cannon Street
London EC4M 6XH
UNIITED KINGDOM

Via "Open to Comment" page, www.iasb.org

RE: ED 2012-6: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

Dear Sir or Madam:

The Committee on Corporate Reporting of Financial Executives International Canada (FEI Canada) is responding to the International Accounting Standards Board's Exposure Draft (ED) 2012-6, Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Proposed amendment to IFRS 10 and IAS 28 (the ED). We appreciate the opportunity to provide comments.

FEI Canada is the all-industry professional membership association for senior financial executives. With eleven chapters across Canada and 1,800 members, FEI Canada provides professional development, thought leadership and advocacy services to its members. The association membership, which consists of Chief Financial Officers, Audit Committee Directors and senior executives in the Finance, Controller, Treasury and Taxation functions, represents a significant number of Canada's leading and most influential corporations.

The Committee on Corporate Reporting ("CCR") is one of two national advocacy committees of FEI Canada, CCR is devoted to improving the awareness and educational implications of the issues it addresses, and is focused on continually improving the standards and regulations impacting corporate reporting.

Our responses to the questions in the ED's Invitation to Comment are set out in the Appendix.

Thank you for allowing us the opportunity to respond to this proposal.

Yours very truly,

Gordon Heard
Chair – Committee on Corporate Reporting
FEI Canada

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Appendix A:

Question 1: proposed amendment to IFRS 10

The IASB proposes to amend IFRS 10 so that the gain or loss resulting from the sale or contribution of a subsidiary that does not constitute a business, as defined in IFRS 3, between an investor and its associate or joint venture is recognised only to the extent of the unrelated investors' interests in the associate or joint venture. The consequence is that a full gain or loss is recognised on the loss of control of a subsidiary that constitutes a business, as defined in IFRS 3, including cases in which the investor retains joint control of, or significant influence over, the investee.

Do you agree with the amendment proposed? Why or why not? If not, what alternative do you propose?

We do not agree with the amendment proposed. We fail to understand the conceptual basis for the distinction between a "business" and "non-business" contribution. The resulting gain or loss recognized should be the same under each scenario.

In addition, we believe that the proposed amendment highlights inconsistency amongst other standards, as highlighted in the Basis for Conclusions (paragraph BC7). We recommend that the Board add a comprehensive project to their agenda to address the "multiple cross-cutting issues" identified in BC7.

Question 2: proposed amendment to IAS 28 (2011)

The IASB proposes to amend IAS 28 (2011) so that:

(a) the current requirements for the partial gain or loss recognition for transactions between an investor and its associate or joint venture only apply to the gain or loss resulting from the sale or contribution of assets that do not constitute a business, as defined in IFRS 3; and

(b) the gain or loss resulting from the sale or contribution of assets that constitute a business, as defined in IFRS 3, between an investor and its associate or joint venture is recognised in full.

Do you agree with the amendment proposed? Why or why not? If not, what alternative do you propose?

See our response to question 1 above.

1201-170 University Ave. Toronto, ON M5H 3B3 416.366.3007 416.366.3008 feicanada@feicanada.org
www.feicanada.org

Question 3: transition requirements

The IASB proposes to apply the proposed amendments to IFRS 10 and IAS 28 (2011) prospectively to sales or contributions occurring in annual periods beginning on or after the date that the proposed amendments would become effective.

Do you agree with the proposed transition requirements? Why or why not? If not, what alternative do you propose?

We agree.