

February 15, 2013

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

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

RE: Invitation to Comment Annual Improvements to IFRSs 2011-2013 Cycle

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 Annual Improvements to IFRSs 2011-2013 Cycle. 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.

CCR has no specific comments on the exposure draft with respect to proposed amendments to IFRS 1, *First-time Adoption of International Financial Reporting Standards*, IFRS 3 *Business Combinations*, and IFRS 13 *Fair Value Measurement*. We are in agreement with the Boards' proposal to amend the IFRS as described in the exposure draft for these three sections and we are in agreement with the transitional provisions and effective dates as described in the exposure draft.

With respect to the fourth proposal for IAS 40 *Investment Property*, we do agree that judgment 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. However, we do not agree with the statement 'this judgment is not based on paragraphs 7-15 of IAS 40 but is instead based on the guidance in IFRS 3'. An investment property is a very specific category of asset and we believe that those individual characteristics can be relevant in applying the definition of a business as found in IFRS 3. Specifically, we note that earning revenues (in the form of rentals) is implicit in the definition of investment property (based on paragraph 5 of IAS 40). Some related services, of the type referred to in paragraph 11 of IAS 40, are ancillary to rental generation. Therefore, we believe that a lower weighting should be given to routine characteristics of an investment property such as in-place leases, associated rental revenue generation and ancillary services, when determining whether an acquisition is a business combination or an asset purchase. Language added to IAS 40 to assist preparers delineate between a business asset and an asset which is specifically an investment property would be of assistance for preparers.

We note that the current proposal would result in even a simple purchase of a single property with in-place tenants and associated services being viewed as a business combination within the scope of IFRS 3. In addition to adding cost and complexity, we question whether it would result in better information for users.

We appreciate your consideration of the comments made in this letter and welcome the opportunity to further discuss any and all matters related to the Exposure Draft.

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

Yours very truly,



Gordon Heard
Chair
Committee on Corporate Reporting
FEI Canada