

2 May 2006

D18 Comment Letters
International Accounting Standards Board
30 Cannon Street
London EC4M 6XH
United Kingdom

(By email: CommentLetters@iasb.org)

Dear Sir,

***IFRIC DRAFT INTERPRETATION D18 INTERIM FINANCIAL REPORTING
AND IMPAIRMENT***

1. We are writing to provide our comments on IFRIC Draft Interpretation D18 *Interim Financial Reporting and Impairment*.
2. The CCDG appreciates the efforts of the IFRIC in clarifying the interaction between the requirements of IAS 34 *Interim Financial Reporting* and the recognition of impairment losses on goodwill in IAS 36 *Impairment of Assets* and certain financial assets in IAS 39 *Financial Instruments: Recognition and Measurement*, and the effect of that interaction on subsequent interim and annual financial statements.
3. We have some concerns regarding the proposals in the Draft Interpretation. They are set out below:

Fundamental principle in IAS 34

4. IAS 34 sets out a principle that interim reports should be made on a year-to-date (YTD) basis, of which an entity should apply the same accounting policies in its interim financial statements as are applied in its annual financial statements, except for accounting policy changes made after the date of the most recent annual financial statements that are to be reflected in the next annual financial statements. The frequency of an entity's reporting (annual, half-yearly, or quarterly) should not affect the measurement of its annual results. Under this approach, the full year results of an entity should be the same whether it issues quarterly results, half-yearly results or only annual results.

5. The Basis for Conclusions justifies the consensus of IFRIC D18 by describing the YTD principle as “a more general statement” and that the prohibitions on reversals of recognised impairment losses on goodwill in IAS 36 and on investments in equity instruments and financial assets carried at cost in IAS 39 should take precedence over it. We are of the view that the YTD principle in IAS 34 is a fundamental principle and a key pillar of the standard. IFRIC D18 relates to one subject matter, impairment, but by setting aside the YTD principle, the interpretation might have implications beyond this subject, for example, the tax rate applied through different quarters. We are of the view that instead of issuing an Interpretation to resolve the differences between the standards, IASB could consider making amendments to the respective standards.

IAS 38 Intangible Assets

6. We note that when IAS 38 was revised as part of the Business Combinations project, the phrase 'in previous annual financial statements or interim financial reports' in the original IAS 38.59 was removed from the revised IAS 38.71. Although this change is not explained in the Basis for Conclusions, the revision is more in line with the principle in IAS 34 that the frequency of reporting should not affect the measurement of an entity's results.

7. Should you require any further clarification, please contact Mr Ramchand Jagtiani, Deputy Director, at the Institute of Certified Public Accountants of Singapore via email at jagtiani@icpas.org.sg. Thank you.

Yours sincerely,

Derek How
Secretary, CCDG