

Mr Hans Hoogervorst
Chairman
IFRS Foundation
Columbus Building
7 Westferry Circus
Canary Wharf
London E14 4HD
United Kingdom
Email: commentletters@ifrs.org

RSM International Limited

50 Cannon St
London
EC4N 6JJ
UK

T +44 (0)207 601 1080

www.rsm.global

20 August 2019

Exposure Draft ED/2019/2 – Annual Improvements to IFRS Standards 2018-2020

On behalf of RSM International Limited, a worldwide network of independent audit, tax and consulting firms, we are pleased to comment on the IASB's Exposure Draft above.

We welcome the IASB's Annual Improvements which make amendments to IFRS standards to clarify the wording in a standard or correct minor inconsistencies, oversights or conflicts between standards.

Questions for respondents

Do you agree with the Board's proposal to amend the Standards and accompanying documents in the manner described in the Exposure Draft?

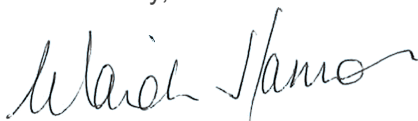
If not, why not, and what do you recommend instead?

We are supportive of the Board's proposal amendments to IFRS as part of its Annual Improvements process in 2019.

We agree that Illustrative Example 13 accompanying IFRS 16 is potentially confusing as it is unclear why the lessee does not consider the reimbursement relating to leasehold improvements to be a lease incentive based on the fact pattern provided. Our preferred approach, rather than removing the confusing wording from the Illustrative Example, would be to amend the wording to state more clearly why the payments did not meet the definition of lease incentives in IFRS 16 - as elaborated in BC2 accompanying the amendment. This would clarify the Illustrative Example and help entities apply the definition of lease incentives in IFRS 16 in practice.

We would be pleased to respond to any comments the Board or its staff may have about our response. If you have any questions or comments, please do not hesitate to contact either Gary Stevenson (+852 2583 1220) or myself (+44 (0)207 601 1077).

Yours faithfully,



Marion Hannon
Global Leader, Quality & Risk
RSM International

THE POWER OF BEING UNDERSTOOD
AUDIT | TAX | CONSULTING