

December 5, 2018

Lester Cheng, CPA, CA
Director, Accounting Standards
Accounting Standards Board
277 Wellington Street West
Toronto, Ontario M5V 3H2

Re: Investments Exposure Draft

Dear Sir,

Thank you for the opportunity to comment on the above-noted document. MNP LLP is one of Canada's largest chartered professional accountancy and business advisory firms, with a significant focus on clients in the private sector. We believe that we are positioned well to provide feedback on this important issue.

We have reviewed the Exposure Draft ("ED") and have provided our response to the specific questions below. Overall, we have concerns that these recommended amendments are not being applied consistently throughout the entire Section which may cause new confusion.

Question 1: Do you agree that paragraph 3051.07A be amended to include interests in jointly controlled enterprises? If not, why not?

We do not agree that paragraph 3051.07A be amended as proposed in the ED to include interests in jointly controlled enterprises. We believe that the scope of the standard as defined in paragraphs 3051.01-.02 clearly identifies that Section 3051 applies to investments subject to significant influence, investments in subsidiaries accounted for using the equity method, and investments in jointly controlled enterprises accounted for using the cost or equity method. Further, the proposed amendments would result in inconsistencies in the guidance for the cost method and equity method within Section 3051. Specifically, paragraphs 3051.08-.12 describing the equity method, refers to investments subject to significant influence, investments in subsidiaries and interests in jointly controlled enterprises simply as an "investment". Lastly, the change proposed to the title "Investments Subject to Significant Influence" does not include investments in subsidiaries which, in accordance with Section 1591.24(b)(i) and .27, must apply the equity method in accordance with Section 3051.

We recommend that paragraph 3051.07A and its associated title be amended to remove references to "investments subject to significant influence" and replaced with "investment" to ensure consistency throughout Section 3051. A change will also be required to the title "Other Investments" and guidance in paragraphs 3051.21 -.22. We recommend the title "Other Investments" and the guidance in paragraphs 3051.21 - .22 be changed to refer to other non-financial instrument investments. Also, the reference to investments for which the investor is able to exercise significant influence over an investee should be removed. For example, the guidance in paragraph 3051.21 could be reworded to "The cost method shall be used in accounting for other non-financial instrument investments such as works of art and other tangible assets held for investment purposes" which would allow paragraph 3051.22 to be deleted.

Should the Accounting Standards Board ("AcSB") choose to adopt the proposed amendments, similar amendments should be made to the equity method guidance to specifically refer to which types of investments this guidance applies to. Also, the title "Investments Subject to Significant Influence and Interests in Jointly Controlled Enterprises" should refer to investments in subsidiaries.

Question 2: Do you agree that the amendments to Section 3051 be applied retrospectively in accordance with ACCOUNTING CHANGES, Section 1506 (see paragraph 3051.44)? If not, why not?

Should the AcSB proceed with the proposed amendments, we do not agree that the amendments to Section 3051 be applied retrospectively in accordance with ACCOUNTING CHANGES, Section 1506. The initial amendments to paragraph 3051.07A allowed for the related changes in accounting policies to be done on a prospective basis as per paragraph 3051.43. Given the suggested amendments are for the purpose of clarifying paragraph 3051.07A, we believe private enterprises should be allowed to apply the changes prospectively.

Question 3: Do you agree with the proposed effective date of fiscal years beginning on or after January 1, 2020? If not, why not?

Should the AcSB proceed with the proposed amendments, we agree with the proposed effective date of fiscal years beginning on or after January 1, 2020. We also agree with permitting private enterprises to apply the amendments earlier.

We are pleased to offer our assistance to the AcSB in further exploring issues raised in our response and in helping to find alternative solutions which meet the needs of financial statement users.

Yours truly,

MNP LLP

Michelle Balmer

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