

EFRAG
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B-1000 Brussels
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To whom it may concern,

The Institute of Certified Public Accountants in Ireland welcomes the opportunity to comment on:

“The Role of a Conceptual Framework”

(i) Do you think the IASB should invariably follow the Framework? (Paragraphs 6-11)?

We consider the Framework to be a collection of loose objectives and a pool of alternative accounting concepts, reflecting consensus at a certain point in time, but without the implication of being the ultimate driver for the development of new accounting requirements.

(ii) What do you think is an appropriate approach to achieve a complete Framework? (Paragraphs 15-19)

We are of the view the appropriate approach would be to constrain the Framework to a few fundamental concepts. The fundamental concepts would provide a stable foundation with further requirements incorporated in the individual standards,

(iii) Do you think the current reference in IAS 8 to the Framework as authoritative guidance is useful? (Paragraphs 23-28)

We consider the current reference in IAS 8 to the Framework as authoritative guidance is not useful.

(iv) Do you think the Framework project should develop questions and decision trees or process flowcharts for developing IFRS requirements? (Paragraphs 31-32)

We are of the view the Framework project should not develop questions and decision trees or process flowcharts for developing IFRS requirements. The reason is that the rigid application of such process flowcharts for making decisions could imply a very mechanical process.

(v) How should the IASB proceed with existing IFRS in the context of a revised Framework? (Paragraphs 35-37)

We suggest the existing IFRS should continue in their current form until the revised Framework is established. The reason for this suggestion is that IFRS must be in alignment with the Framework, which is the primary source of guidance for application of the standards in financial reporting. Once the Framework is revised, it may be the case that many IFRS do not need substantial changes.

The Framework is the 'base' which the IASB uses to develop and revise IFRS, so the base must be clear otherwise confusion for preparers and users of financial statements will result. This may lead to scepticism of the quality and reliability of the financial statements until the Framework and IFRS are finalised.

In terms of workflow, revising the Framework and the existing IFRS in parallel will involve long timeframes, due to the consultation process and the number of respondents. Parallel overhaul may result in unintended divergence of the Framework and the IFRS.

(vi) The Framework is not an IFRS (according to the IASB's own terminology) and it is, therefore, outside the scope of endorsement. Has this caused any issues for you in practice and, if so, how do you believe they might be addressed?

No. We consider the guidance on financial reporting in the Framework is useful, particularly as IFRS are reactive and apply to prescriptive situations. Therefore, the 'concept' approach of the Framework provides basic guidance for unusual and emerging issues which are not yet addressed in the standards.

The approach of the Framework can be considered similar to the IFAC Code of Ethics, in that both of these are guidance on how to deal with situations. As IFAC explains:

'The revised Code maintains the principles-based approach supplemented by detailed requirements where necessary, resulting in a Code that is robust but also sufficiently flexible to address the wide-ranging circumstances encountered by professional accountants'

<http://www.ifac.org/news-events/2009-07/international-ethics-standards-board-accountants-releases-new-code-clarifies-req>

(vii) Do you have any other comments on this Bulletin?

No. However we welcome the purpose of the Bulletins in stimulating debate within Europe.

If you have any questions on the above please do not hesitate to contact me.
Yours sincerely,

David Roxburgh
Chairperson, Financial Reporting Sub - Committee