Response to EFRAG Discussion Paper
Equity Instruments – Impairment and Recycling

29 May 2018
INTRODUCTION

The ICAS Corporate and Financial Reporting Panel welcomes the opportunity to comment on EFRAG’s Discussion Paper ‘Equity Instruments – Impairment and Recycling.’

Our CA qualification is internationally recognised and respected. We are a professional body for over 20,000 members who work in the UK and in more than 100 countries around the world. Our members represent different sizes of accountancy practice, financial services, industry, the investment community and the public sector. Almost two thirds of our working membership work in business, many leading some of the UK’s and the world’s great companies.

Our Charter requires its committees to act primarily in the public interest, and our responses to consultations are therefore intended to place the public interest first. Our Charter also requires us to represent our members’ views and to protect their interests, but in the rare cases where these are at odds with the public interest, it is the public interest which must be paramount.

Any enquiries should be addressed to Amy Hutchinson, Head of Corporate and Financial Reporting and Secretary to the Corporate and Financial Reporting Panel.

GENERAL COMMENTS

We understand that this discussion paper forms part of EFRAG’s response to the European Commission request to investigate the potential effects on long-term investment of IFRS 9’s requirements on accounting for equity instruments. However, we believe that any such investigation is premature given that IFRS 9 came into effect for financial years beginning on or after 1 January 2018, and does not come into effect for insurance companies until 2022. It may not be possible to draw conclusions about the impact of the standard at this early stage.

The most effective method of assessing the impact of the standard is likely to be the IASB’s own post-implementation review, and therefore we do not support the EC taking forward this issue at the current time.