



**INSITUTO DE CONTABILIDAD Y AUDITORÍA (ICAC) COMMENTS ON
EFRAG'S DRAFT ENDORSEMENT ADVICE AND EFFECTS STUDY
REPORT ON INVESTMENT ENTITIES (AMENDMENTS TO IFRS 10,
IFRS 12 AND IAS 27)**

ICAC is pleased to provide EFRAG with our comments in order to contribute to the finalization of the EFRAG endorsement advice on the IASB Amendments to IFRS 10, IFRS 12 and IAS 27 – Investment Entities.

We agree with EFRAG's technical assessment of the Amendments against the endorsement criteria and with the EFRAG's evaluation of the costs and benefits of the Amendments.

Nevertheless, according to the following document issued by the Commission in November 2003 "*Comments concerning certain Articles of the Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards and the Fourth Council Directive 78/660/EEC of 25 July 1978 and the Seventh Council Directive 83/349/EEC of 13 June 1983 on accounting*" we would like to point out its paragraph 2.2.2. *Definition of "consolidated accounts"*, in particular the following statement:

"(...)

The determination of whether or not a company is required to prepare consolidated accounts will continue to be made by reference to national law transposed from the Seventh Council Directive.

For the avoidance of doubt, the following Articles of the Seventh Council Directive are relevant to the existence of such a requirement: Articles 1, 2, 3(1) 4, 5-9, 11, and 12.

"(...)"

Regarding this paragraph and the EFRAG's technical analysis, we do not find in the EFRAG's document a detailed study concluding that the Seventh Accounting Directive includes the exception to consolidation for the investment entities, specially taking into account its article 5.

If you have any questions concerning our comments, please do not hesitate to contact us,

Yours sincerely,

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Chairman of ICAC