

INVITATION TO COMMENT ON THE EFRAG'S ASSESSMENTS OF THE AMENDMENTS TO IFRS 1 AND IAS 27 "COST OF AN INVESTMENT IN A SUBSIDIARY, JOINTLY CONTROLLED ENTITY OR ASSOCIATE"

Comments should be sent to commentletter@efrag.org or uploaded via our website by 1 July 2008

EFRAG has been asked by the European Commission to provide it with advice and supporting material on the amendments to IFRS 1 *First-time Adoption of International Reporting Standards* and IAS 27 *Consolidated and Separate Financial Statements* (the amendments). In order to do that, EFRAG has been carrying out a technical assessment of the Amendments against the criteria for endorsement set out in Regulation (EC) No 1606/2002 and has also been assessing the costs and benefits that would arise from its implementation in the EU.

A summary of the Amendments is set out in Appendix 1.

Before finalising its two assessments, EFRAG would welcome your views on the issues set out below. Please note that all responses received will be placed on the public record unless the respondent requests confidentiality. In the interests of transparency EFRAG will discuss the responses it receives in a public meeting, so we would prefer to be able to publish all the responses received.

1 Please provide the following details about yourself:

(a) Your name or, if you are responding on behalf of an organisation or company, its name: IEA WILGLEY

(b) Are you/its your organisation or company a:

Preparer User Other (please specify) _____

(c) Please provide a short description of your activity/ the general activity of your organisation or company: Fund Management

(d) Country where you/your organisation or company is located: Belgium, London, Tokyo, Frankfurt, Hong Kong, Sydney, Singapore, Paris

(e) Contact details including e-mail address: ied.wilgley@fil.com

2 EFRAG's initial assessment of the Amendments is that they meet the technical criteria for endorsement. In other words, they are not contrary to the true and fair principle and they meet the criteria of understandability, relevance, reliability and comparability. EFRAG's reasoning is set out in Appendix 2.

(a) Do you agree with this assessment?

No

Yes

If you do not, please explain why you do not agree and what you believe the implications of this should be for EFRAG's endorsement advice.

(b) Are there any issues that are not mentioned in Appendix 2 that you believe EFRAG should take into account in its technical evaluation of the Amendments? If there are, what are those issues and why do you believe they are relevant to the evaluation?

No

3 EFRAG is also assessing the costs that will arise for preparers and for users to implement the Amendments both in year one and in subsequent years. Some initial work has been carried out, and the responses to this Invitation to Comment will be used to complete the work. The results of the initial assessment are that the Amendments will not involve users or preparers incurring significant year one cost or ongoing costs. EFRAG's reasoning is set out in Appendix 3.

Do you agree with this assessment?

No

Yes

If you do not, please explain why you do not and (if possible) explain broadly what you believe the costs involved will be?

INVITATION TO COMMENT ON THE EFRAG'S ASSESSMENTS OF THE IMPROVEMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS



European Financial Reporting Advisory Group ■

Comments should be sent to commentletter@efrag.org or uploaded via our website by 22 June 2008

EFrag has been asked by the European Commission to provide it with advice and supporting material on the *Improvements to International Financial Reporting Standards* ('the Amendments'). In order to do that, EFRAG has been carrying out a technical assessment of the Amendment against the criteria for endorsement set out in Regulation (EC) No 1606/2002 and has also been assessing the costs and benefits that would arise from its implementation in the EU.

A summary of the Amendments is set out in Appendix 1.

Before finalising its two assessments, EFRAG would welcome your views on the issues set out below. Please note that all responses received will be placed on the public record unless the respondent requests confidentiality. In the interest of transparency EFRAG will wish to discuss the responses it receives in a public meeting, so we would prefer to be able to publish all the responses received.

1 Please provide the following details about yourself:

(a) Your name or, if you are responding on behalf of an organisation or company, its name:

Tea Mackey

(b) Are you/ is your organisation or company a:

Preparer User Other (please specify)

(c) Please provide a short description of your activity/ the general activity of your organisation or company:

FUND MANAGER

(d) Country where you/your organisation or company is located:

UK, France, Germany, Japan, Hong Kong, Main, Singapore, Australia, Belgium

(e) Contact details including e-mail address:

jed.wilby@fil.com

2 EFRAG's initial assessment of the Amendments is that they meet the technical criteria for endorsement. In other words, they are not contrary to the true and fair principle and they meet the criteria of understandability, relevance, reliability and comparability. EFRAG's reasoning is set out in Appendix 2.

(a) Do you agree with this assessment?

Yes

No

If you do not, please explain why you do not agree and what you believe the implications of this should be for EFRAG's endorsement advice.

(b) Are there any issues that are not mentioned in Appendix 2 that you believe EFRAG should take into account in its technical evaluation of the Amendments? If there are, what are those issues and why do you believe they are relevant to the evaluation?

3 EFRAG is also assessing the costs that will arise for preparers and for users to implement the Amendments, both in year one and in subsequent years. Some initial work has been carried out, and the responses to this Invitation to Comment will be used to complete the assessment.

The results of the initial assessment are set out in Appendix 3. To summarise, EFRAG's initial assessment is that the Amendments are:

(a) likely to involve some preparers in some additional year one and ongoing costs. Taken individually those costs will, EFRAG believes, generally be insignificant (although for a few companies the costs could be more significant); indeed, some entities will already be applying some IFRSs in a way that is identical or very similar to that required by the amendments and for those entities it is likely that there will be little if any incremental cost involved in implementing those particular amendments. As a result, EFRAG's assessment is that when considered in aggregate, those costs will still not be significant.

(b) likely to involve users in no year one or ongoing incremental costs.

Do you agree with this assessment?

Yes

No

If you do not, please explain why you do not and (if possible) explain broadly what you believe the costs involved will be?

4

The amendments are likely to result in improvements in the quality of the information provided. Taken individually, most of these improvements are likely to be relatively small; however, EFRAG believes that a handful of the amendments will have a noticeable effect on the quality of the information provided. Its initial assessment furthermore is that the benefits to be derived from applying the amendments will exceed the costs involved (Appendix 3, paragraphs 36 – 37).

Do you agree with this assessment?

Yes

No

If you do not, please explain why you do not and what you think the implications should be for EFRAG's endorsement advice?

5

EFRAG is not aware of any other factors that should be taken into account in reaching a decision as to what endorsement advice it should give the European Commission on the Amendments.

Do you agree that there are no other factors?

Yes

No

If you do not, please explain why you do not and what you think the implications should be for EFRAG's endorsement advice?
