DANSKE
REVISORER
FSR*

EFRAG
35 Square de Meeus
1000 Brussels
Belgium

2 January 2012

Dear Sir/Madam,

Re. EFRAG Draft Comment Letter: IASB Exposure Draft ED 2011/4 on Investment Entities

FSR – danske revisorer
Kronprinsessegade 8
DK - 1306 København K

Telefon +45 3393 9191
fsr@fsr.dk
www.fsr.dk

CVR. 55 09 72 16
Danske Bank
Reg. 9541
Konto nr. 2500102295

The Accounting Standards Committee set up by "FSR – danske revisorer" has discussed the IASB Exposure Draft ED 2011/4 and the EFRAG Draft Comment Letter during our meeting in December 2011.

In general, we fully support the EFRAG Draft Comment Letter.

Like EFRAG, we are supportive of the proposed exemption from the requirements of IFRS 10 to consolidate investment entities. We agree that measuring an investment entity controlled investee at fair value in the financial statements of the investor would provide information that is more useful to users as it better reflects the business model and is less burdensome for the preparers.

Like EFRAG, we see the requirement of the entity having an exit strategy as a useful characteristic of an investment entity. One might argue that measuring investments at fair value indicates that the entity has got the intent to exit at a certain point in time. If a significant part of the overall profit is expected to come from an exit we wonder if the requirement of exit strategy needs to be explicit. On balance, we think it may help separating investments from other activities if the requirement of an exit strategy is emphasised more prominently.

We agree with the concerns in the EFRAG Draft Comment Letter on the proposed requirement that a parent, which is not itself an investment entity, should consolidate the investment entities it holds through subsidiaries, which are investment entities. The exception from consolidation available to the investment entity should "roll up" to its parent's consolidated financial statements, i.e. the parent should be able to retain the investments at fair value even if the parent is not an investment entity itself.

A parent company that is not an investment entity, but controls a group of companies which *are* investment entities, should of course be allowed to apply the exception. However, the parent company should not be allowed to apply this exception for subsidiaries which are not investments, i.e. subsidiaries with normal business activities should of course be consolidated.

We understand that ring fencing the definition of investment entities is important.We did, however, consider if it is acceptable to argue that a group cannot have investment as one of its objectives, i.e. "investment in other entities to earn capital appreciation, investment income or both" is the objective of one segment, whereas they may be a manufacturing group in another segment.

We would be happy to elaborate further on our comments should you wish so.

Kind regards

Jan Peter Larsen
Chairman of the Danish
Accounting Standards Committe

Ole Steen Jørgensen
chief consultant
FSR – danske revisorer