

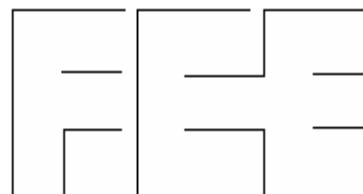
Date
4 April 2006

Le Président

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Mr. Stig Enevoldsen
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commentletter@efrag.org

Dear Mr. Enevoldsen,

Re: [EFRAG draft comment letter on IFRIC Draft interpretation D18 *Interim Financial Reporting and Impairment*](#)

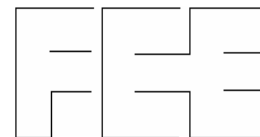
FEE (Fédération des Experts Comptables Européens, European Federation of Accountants) is pleased to submit its views on the EFRAG draft comment letter on the IFRIC Draft interpretation D18.

We agree with EFRAG that there is a conflict between IAS 34, IAS 36 and IAS 39. It is also our understanding that conflicts between standards cannot be solved through an interpretation but by an amendment to the standards. Interpretation does not have the authority to contradict a standard (IAS 34 in this case). We believe D18 is not an interpretation of any of the three standards. When IASB reviewed IAS 36 and IAS 39 in 2004, it should have realized the conflict with IAS 34 and proposed a consequential amendment. We agree that IASB should amend IAS 34 instead of IFRIC issuing an interpretation.

We support EFRAG's request for clarification on the retrospective application of the proposal. If the prohibition of reversal of impairment losses on goodwill is unlimited in time, we agree it would be very burdensome for entities applying IFRS already for some years. The interpretation should be in line with transitional provisions in IAS 36, being retrospectively to 31 March 2004.

We agree with EFRAG's support for the consensus conclusion in D18 since it is not feasible to measure the amount of the reversal reliably, regardless of whether the loss was recognized in an interim reporting or annual financial statements, following the IAS 36 impairment rules and support the prohibition of reversal of impairment loss recognized in a previous interim period over the rules for interim reporting in IAS 34. Due to this conflict between the standards, one has to decide to give priority to certain paragraphs of certain standards above another. The reason of this conflict is caused by the fact that IAS 34 was issued earlier than IAS 36 and IAS 39 revised, and the Board may have not foreseen specific requirements on the issue of reversal of impairments losses. The decision of the IASB when reviewing IAS 36 and IAS 39 that impairment losses on goodwill and on investments in equity instruments should not be subsequently reversed was deliberate because it believes it is not feasible to identify the reversal distinctly.

Also, we note that IFRIC does not mention in its basis for conclusions that, according to IAS 36, an annual impairment test may be performed at any time during an annual period. If the test is done during one interim reporting period, it seems logical that it should not be reversed subsequently within the same annual period, whether or not interim financial statements have been issued.



However we wish to observe that the consensus conclusion of not reversing impairment losses impairs the comparability of annual financial statements between entities with different frequency of reporting. A more fundamental debate would be needed as to whether the frequency of an entity's reporting can/should affect the measurement of its annual results. Furthermore we welcome a more general debate on which standard (s) is (are) prevailing in case of conflicts of standards, since the basis for conclusion provides only very limited justification.

We would be pleased to discuss any aspect of this letter you may wish to raise with us.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'David Devlin', written in a cursive style.

David Devlin
President