



Ms. Françoise Flores
Chair
Technical Expert Group
EFRAG
Square de Meeûs 35
B-1000 BRUXELLES

E-mail: commentletters@efrag.org

14 March 2012

Ref.: ACC/PRJ/SKU/IDS

Dear Ms. Flores,

Re: FEE Comments on EFRAG's assessments for endorsement of IFRS 10 *Consolidated Financial Statements*, IFRS 11 *Joint Arrangements*, IFRS 12 *Disclosure of Interests in Other Entities*, IAS 27 (amended 2011) *Separate Financial Statements* and IAS 28 (amended 2011) *Investments in Associates and Joint Ventures*

- (1) FEE (the Federation of European Accountants) appreciates the invitation to comment on EFRAG's assessments for endorsement of IFRS 10 *Consolidated Financial Statements*, IFRS 11 *Joint Arrangements*, IFRS 12 *Disclosure of Interests in Other Entities*, IAS 27 (amended 2011) *Separate Financial Statements* and IAS 28 (amended 2011) *Investments in Associates and Joint Ventures* (the Standards).
- (2) We support EFRAG providing a positive endorsement advice on the Standards and we broadly agree with the assessments formulated by EFRAG. In our view, endorsement of the Standards should be done swiftly and promptly and at the latest by the end of 2012 to allow sufficient time for implementation.
- (3) We have also considered EFRAG's advice to defer the compulsory effective date of the standards by one year - when compared to the IASB effective date - to 1 January 2014 with early adoption permitted. On balance, we do not object to this proposal.
- (4) We have concluded that such a solution will not lead to any significant permanent accounting differences between EU endorsed IFRS and IFRS as adopted by the IASB. In addition, the possibility for European companies to early adopt these standards allows those entities that have a US listing to continue to claim full compliance with IFRS as issued by the IASB, also in 2013. More generally, we believe that early adoption should not only be permitted but encouraged for others.

- (5) The deferred mandatory effective date will enable European preparers dealing with complex structures or potentially electing to use the currently debated investment entity fair value exemption to have sufficient time to adequately implement the new requirements and make the required assessment.

EFRAG's technical assessment of the Standards against the endorsement criteria

- (6) In our letter to the IASB on IASB Exposure Draft 10 Consolidated Financial Statements and IASB Exposure Draft 9 Joint Arrangements issued on 14 April 2009 and 24 January 2008, respectively, we broadly supported EFRAG's letters to the IASB.
- (7) IFRS 11 and IFRS 10 were separately issued as Exposure Drafts in September 2007 and December 2008, respectively, both of which proposed to make amendments to IAS 27 and IAS 28. The IASB issued the Standards on 13 May 2011.

EFRAG's evaluation of the costs and benefits of the Standards

- (8) We broadly agree with the evaluation of the costs and benefits of the Standards as provided by EFRAG but have ourselves not carried out a detailed examination.

Assessment Process

- (9) FEE has been a long-standing supporter of IFRSs which are perceived as high quality and principles-based financial reporting standards. We are committed to the main objective of creating a single set of high quality global standards to promote transparency and operational efficiency in the market. The current turmoil in the global economy continues to demonstrate the importance of high quality, relevant and reliable financial reporting, comparable across borders.
- (10) Therefore, we believe that Europe needs to make every effort to prevent the creation of new deviations from IFRS. Furthermore, it needs to avoid to the extent possible any timing differences caused by delays in the endorsement mechanisms. As stated above the Standards should be endorsed by the end of 2012.
- (11) An enhanced due process for the IASB and IFRIC, improved governance of the IASB and timely and high quality European influence early in the standard setting process should result in international standards and interpretations that are acceptable for Europe. This European influence is expected to be exercised at, or before, exposure draft stage in particular through EFRAG which has the full support of FEE. As a due process is in place, if appropriate input is provided and considered at both IASB and EFRAG levels, it can be expected that the resulting standards should be suitable for positive endorsement.

Endorsement

(12) FEE supports the endorsement of the Standards.

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

For further information on this letter, please contact Sylwia Kujawa, Project Manager from the FEE Secretariat on +32 2 285 40 86 or via email at sylwia.kujawa@fee.be.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Philip Johnson', with a long horizontal stroke extending to the right.

Philip Johnson
President