

EFRAG  
35 Square de Meeus  
1000 Brussels  
Belgium

19 September 2011

Dear Sir/Madam,

**Re. EFRAG Discussion Paper: Considering the Effects of Accounting Standards**

The Accounting Standards Committee set up by "FSR – danske revisorer" has discussed the Discussion Paper issued by EFRAG and ASB. We find the Discussion Paper very relevant and valuable.

We have only a few – more general – remarks.

We recognise and appreciate that the IASB is already undertaking some analysis of the effects of new or amended accounting standards, e.g. field testing, outreach activities, formulating basis for conclusions etc. Furthermore, EFRAG is undertaking important activities regarding effect analysis and advising the European Commission on endorsement of new or amended standards.

However, we fully support the idea that effect analysis should be more formally integrated into the standard setting process.

We agree that "effect" analysis is more appropriate than "cost/benefit" analysis in the accounting standard setting area. It would be very difficult – and probably impossible – to quantify all the costs and, especially, all the benefits derived from a new or amended standard, since a new or amended standard would normally impose more general benefits (and costs) to users and preparers of financial statements, which is not measurable, for example the "value" of increased transparency and comparability.

Having made this observation, we would add that consideration of the costs of issuing many – also minor – amendments too often, should be measured or at least estimated, if possible. They should be considered more clearly and explicitly during the standard setting process. We have suggested previously that "annual" improvements should be issued less often, e.g. with two-year intervals.

We find that the analysis of potential effects of a new or amended standard should start as early as possible during the standard setting process since it is an important part of the resource allocation decisions made by the IASB and the IFRS Foundation. On the other hand we think that one cannot expect the same

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degree of details in the analysis in the early stages of the standard setting process – especially in the initial considering of posing a new issue on the research agenda of the IASB.

Side 2

We find it appropriate that the IASB should be responsible for performing effect analysis – especially in the early phases – since no other organisation or authority is properly fitted for this. However, to ensure the credibility and independence of the analysis and conclusions we find it appropriate for a body like the Trustees’ Due Process Oversight Committee to continuously monitor the effect analysis undertaken by the IASB.

We would be happy to discuss our comments further with you, should you wish so.

Kind regards

Jan Peter Larsen  
chairman  
The Danish Accounting  
Standards Committee

Ole Steen Jørgensen  
chief consultant