

30th September 2010

MC/ajw

THE
INSTITUTE OF
CHARTERED
ACCOUNTANTS
OF SCOTLAND



Ms Francoise Flores
Chairman
European Financial Reporting Advisory Group
35 Square de Meeûs
B-1000 Brussels
Belgium

Dear Ms Flores

The Institute of Chartered Accountants of Scotland (ICAS) is pleased to respond to the EFRAG consultation on its pro-active work. We believe that it is crucial for EFRAG to try to influence the future agenda of the International Accounting Standards Board (IASB) as early as possible, complementing the important reactive work responding to consultations and exposure drafts.

The financial crisis and the convergence project have heavily influenced the recent outputs of the IASB. We believe EFRAG should seize the opportunity to step back from current events and consider whether financial reporting is in fact serving the needs of users across Europe. This is reflected in our ranking of the projects below.

ICAS has a strong tradition of funding high quality independent academic research and we would value the opportunity to collaborate with EFRAG on future projects.

Our responses to the specific questions within the consultation are as follows:

1. Prior to this consultation, were you aware of EFRAG's Proactive Accounting in Europe (PAAinE) publications? (Copies of publications can be found at www.efrag.org/content/default.asp?id=4109) Did you find them useful and why or why not? In what ways do you think they could have been improved? Do you think they had a sufficient focus on European issues?

We are aware of and find the existing PAAinE publications and associated events useful. We also believe they have focused appropriately on European issues. The length of some of the publications could deter potential readers. ICAS research reports have recently reduced in size from 40,000 words to 10,000 words in an attempt to reach out to a wider audience. We also find it helpful to publish the executive summary as a separate document.

2. Based on the description above (under 'How we influence the IASB'), at what point in the standard-setting process should EFRAG focus its proactive work? Also, are there specific aspects of financial reporting where we should concentrate our activities?

As a professional body, we share an interest in policy relevant, pro-active and research projects and believe that EFRAG's approach to influencing the IASB at an earlier stage before items are added to the IASB active agenda is the correct approach to take. However, there is also a need to consider any items which are already on the on the active agenda or which arise from other events, as pro-active work may also provide evidence at the consultation stage.

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3. Table 2 'Proposed Proactive Projects' below identifies projects where EFRAG considers it may be useful to undertake proactive work. Can you rank the projects from most to least important based on EFRAG's strategic aims.

We would rank EFRAG's proposed proactive projects as follows:

Rank	Project
1	Understanding the decision environment of users of the financial report
2	European perspective on development of post-implementation reviews
3	Performance reporting – phase 3
4	Share-based payments
5	Develop European input to the IASB's post implementation review of IFRS 8 'Operating Segments'
6	Develop European input to the IASB's post implementation review of IFRS 3 'Business Combinations'
7	Post-implementation review of IFRIC 12 'Service Concession Arrangements'
8	Government grants
9	Application of IFRS to individual financial statements

4. If there are other projects you consider more important, include them in your ranking and provide a short description of them, along with your reasons as to why you believe they are important for EFRAG to consider.

At this stage, we do not have any further projects to suggest but would be happy to approach EFRAG as any ideas arise and would welcome the opportunity to work more closely with EFRAG on future projects.

If you would like to discuss our response further please do not hesitate to contact me.

Kind regards.

Yours sincerely



DAVID WOOD
Executive Director
Technical Policy