

European Financial Reporting Advisory Group
35 Square de Meeûs
B-1000 Brussels
Belgium

12 March 2012

Dear EFRAG members

Invitation to comment on EFRAG's Initial Assessment of the date of transition of IFRSs 10, 11 and 12, IAS 27 (2011) and IAS 28 (2011)

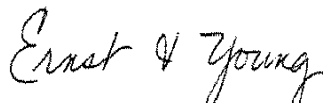
The global organisation of Ernst & Young is pleased to submit its comments on the European Financial Reporting Advisory Group's (EFRAG) Initial Assessment of the date of transition for the five new and amended standards that address the accounting for consolidation and joint arrangements ('the Standards'), namely IFRSs 10, 11 and 12, IAS 27 (2011) and IAS 28 (2011).

Ernst & Young supports consistent application of International Financial Reporting Standards (IFRS) globally. As such, we support EFRAG's recommendation that the Standards be endorsed for use in the European Union.

We have read EFRAG's Initial Assessments of the Standards and we considered only the conclusions contained therein. In this letter, we are not commenting on any specific questions raised in the Invitation to Comment, apart from question 27, which asks for comments on the proposed effective date of the standards of 1 January 2014. Our comments on this question are included in Appendix A of this letter.

Should you wish to discuss the contents of this letter with us, please contact Leo van der Tas at the above address or on +44 (0)20 7951 3152 or James Luke on +44 (0)20 7951 4773.

Yours faithfully

A handwritten signature in cursive script that reads 'Ernst & Young'.

Appendix A

27 Do you agree with EFRAG's recommendation that the Standards should be effective in the EU as of 1 January 2014, with early application permitted?

We understand that in practice many entities are facing challenges in applying the new Standards, especially those in the insurance and financial services industries. We understand that a number of these entities have found that the Standards are more complicated to apply than initially anticipated, in particular around the principal/agent and defacto control principles in IFRS 10. However, we are also aware of entities in some jurisdictions that are either well-advanced in their preparation to apply these standards as of 1 January 2013 or that have already early adopted the Standards, without experiencing significant cost or other delays during this process.

Regarding the EU endorsement process, we therefore have the following recommendations:

- That early application of the Standards is permitted, such that those entities who want to claim compliance with both IFRS as endorsed by the EU and IFRS as adopted by the IASB can continue to do so; and such that the differences arising between those entities applying IFRS as issued by the IASB and those entities applying IFRS as endorsed by the EU are limited, and
- That the Standards, the Investment Entities amendment to IFRS 10 and the amendments to the transitional provisions of IFRS 10 are treated as separate endorsements, so as not to delay the endorsement process of the amendments to the five new or amended Standards.