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Ms. Françoise Flores
Chairman
European Financial Reporting Advisory Group
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Our ref MT/288

Contact Mary Tokar

E-mail: Commentletter@efrag.org

24 February 2012

Dear Ms Flores

Adoption of *Offsetting Financial Assets and Financial Liabilities* (Amendments to IAS 32) and *Disclosures – Offsetting Financial Assets and Financial Liabilities* (Amendments to IFRS 7)

We appreciate the opportunity to comment on the European Financial Reporting Advisory Group's (EFRAG) draft endorsement advice regarding the International Accounting Standards Board (IASB) *Offsetting Financial Assets and Financial Liabilities* (Amendments to IAS 32) and *Disclosures – Offsetting Financial Assets and Financial Liabilities* (Amendments to IFRS 7), (together, the Amendments to IAS 32 and IFRS 7) which were published by the IASB on 16 December 2011. We have consulted within the KPMG network in respect of this letter, which represents the views of the KPMG network.

We have read and considered the amendments and EFRAG's draft endorsement advice on the Amendments to IAS 32 and IFRS 7 in which EFRAG considers the requirements of Regulation (EC) No. 1606/2002 of the European Parliament and of the Council on the application of International Accounting Standards. Our consideration focused on EFRAG's conclusion regarding the assessment of the Amendments to IAS 32 and IFRS 7 against the endorsement criteria and in this response we are not addressing any points raised by EFRAG in Appendices 2 and 3 nor the dissenting opinion in Appendix 4 of EFRAG's invitation to comment.

We provided comments to the IASB on the Exposure Draft ED/2011/1 *Offsetting Financial Assets and Financial Liabilities* (exposure draft) in our comment letter dated 28 April 2011. We have followed the IASB's redeliberations on the exposure draft and while not all of our suggestions were adopted by the IASB we do not believe that those comments, which were input to the IASB's deliberations, represent fatal flaws that would cause us to recommend non-endorsement.



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We support consistent application of International Financial Reporting Standards globally and consistent with this objective we support EFRAG's recommendation to adopt for use in Europe the Amendments to IAS 32 and IFRS 7, as issued by the IASB.

Please contact Mary Tokar at +44 (20) 7694 8871 if you wish to discuss any of the issues raised in this letter.

Yours faithfully

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