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Dear Sir or Madam

**Getting a Better Framework  
Bulletins – Accountability and The Objective of Financial Reporting & The  
Asset/Liability Approach**

We welcome the opportunity to comment on EFRAG's Getting a Better Framework Bulletins on Accountability and The Objective of Financial Reporting & The Asset/Liability Approach ("the Bulletins").

In summary, our views are that;

- (i) **Accountability and The Objective of Financial Reporting** – It is our view that the primary objective of general purpose financial reporting should include, but not be limited to, accountability (see Appendix 1); and
- (ii) **The Asset/Liability Approach** – We believe this approach should be retained (see Appendix 2).

Our detailed responses to the questions raised in the Bulletins are set out in the attached appendices.

If you would like to discuss any aspect of this response please do not hesitate to contact me.

Yours faithfully

**Donna Wilcox**  
**Technical Senior Manager**  
**Baker Tilly UK Audit LLP**



**Question (i)**

**Are there any arguments for and against the objective of accountability that are not discussed in this Bulletin?**

YES.

The inclusion of accountability as a primary objective would assist shareholders in meeting calls for them to have greater involvement in the entities they invest in. There are some entities (such as Venture Capital Trusts) where users are primarily interested in net assets.

**Question (ii)**

**Do you believe that the objective of accountability is appropriately reflected in the existing conceptual Framework? If not, how should the Framework be amended?**

NO.

We consider that the primary objective of general purpose financial reporting is not only to make decisions about providing resources to the entity but also to assess how resources provided have been used by management and those charged with governance.

Our suggested amendment to the Framework would be to incorporate the sub-requirement on management and governing board responsibilities within the overall objective by changing that objective to;

“ ... that is useful to existing and potential investors, lenders and other creditors in making decisions about providing resources to the entity *and assessing whether the entity’s management and governing board have discharged their responsibilities to use the entity’s resources.*”

We do not consider it necessary to specify whether such responsibilities have been discharged “efficiently and effectively” as these two requirements may conflict and responsibilities will be governed by local laws and regulations.

**Question (iii)**

**Do you have any other comments on this Bulletin?**

NO.



**Question (i)**

**Are there any arguments for and against the asset/liability approach – defining income and expenses in terms of changes in assets and liabilities - that are not discussed in this Bulletin?**

NO.

We agree with the conclusion that primary financial statements should be looked at as a group and none has primacy over the other.

In our opinion, the concerns over recognition of income and expenses under an asset/liability approach are adequately addressed through the appropriate presentation of changes in assets and liabilities within profit or loss, or other comprehensive income.

**Question (ii)**

**Do you believe that the asset/liability approach should be retained or revised? If changed, what alternative would you propose?**

YES.

We agree that the asset/liability approach should be retained.

**Question (iii)**

**Do you have any other comments on this Bulletin?**

NO.