

**Invitation to Comment on EFRAG’s Assessments on  
Investment Entities: Applying the Consolidation Exception  
(Amendments to IFRS 10, IFRS 12 and IAS 28)**

Comments should be sent to [commentletters@efrag.org](mailto:commentletters@efrag.org) by 19 June 2015

EFRAG has been asked by the European Commission to provide it with advice and supporting material on *Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28)* ('the Amendments'). In order to do that, EFRAG has been carrying out an assessment of the Amendments against the technical criteria for endorsement set out in Regulation (EC) No 1606/2002 and has also been assessing the costs and benefits that would arise from its implementation in the European Union (the EU) and European Economic Area.

A summary of the Amendments is set out in Appendix 1 of the accompanying EFRAG's Draft Letter to the European Commission.

Before finalising its assessments in Appendices 2 and 3, EFRAG would welcome your views on the issues set out below. Please note that all responses received will be placed on the public record, unless the respondent requests confidentiality. In the interest of transparency EFRAG will wish to discuss the responses it receives in a public meeting, so we would prefer to be able to publish all the responses received.

**Your details**

1 Please provide the following details about yourself:

- (a) Your name or, if you are responding on behalf of an organisation or company, its name:

ICAEW

- (b) Are you a:

Preparer  User  Other (please specify)

Professional accountancy body.

- (c) Please provide a short description of your activity:

ICAEW is a world-leading professional accountancy body. We operate under a Royal Charter, working in the public interest. ICAEW's regulation of its members, in particular its responsibilities in respect of auditors, is overseen by the UK Financial Reporting Council. We provide leadership and practical support to over 144,000 member chartered accountants in more than 160 countries, working with governments, regulators and industry in order to ensure that the highest standards are maintained.

*Investment Entities: Applying the Consolidation Exception  
Invitation to Comment on EFRAG's Assessments*

- (d) Country where you are located:

United Kingdom

- (e) Contact details including e-mail address:

Chartered Accountants' Hall, Moorgate Place, London, EC2R 6EA, UK

Email: [frfac@icew.com](mailto:frfac@icew.com)

Telephone: +44 (0)20 7920 8100

**EFRAG's initial assessment with respect to the technical criteria for endorsement**

- 2 EFRAG's initial assessment of the Amendments is that they meet the technical criteria for endorsement. In other words, they lead to prudent accounting and are not contrary to the principle of true and fair view and they meet the criteria of understandability, relevance, reliability and comparability. EFRAG's reasoning is set out in Appendix 2 of the accompanying EFRAG's Draft Letter to the European Commission regarding endorsement of the Amendments.

- (a) Do you agree with this initial assessment?

Yes                       No

If you do not, please explain why you do not agree and what you believe the implications of this should be for EFRAG's endorsement advice.

- (b) Are there any issues that are not mentioned in Appendix 2 of the accompanying EFRAG's Draft Letter to the European Commission regarding endorsement of the Amendments that you believe EFRAG should take into account in its technical evaluation of the Amendments? If there are, what are those issues and why do you believe they are relevant to the evaluation?

No

**The European public good**

- 3 In its initial assessment of the impact of the Amendments on the European public good, EFRAG has considered a number of issues that are addressed in Appendix 3 of the accompanying EFRAG's Draft Letter to the European Commission regarding endorsement of the Amendments.

*Costs and benefits*

- 4 EFRAG is assessing the costs that are likely to arise for preparers and for users on implementation of the Amendments in the EU, both in year one and in subsequent years. Some initial work has been carried out, and the responses to this Invitation to Comment will be used to complete the assessment.

*Investment Entities: Applying the Consolidation Exception  
Invitation to Comment on EFRAG's Assessments*

The results of the initial assessment of costs are set out in paragraphs 9 to 24 of Appendix 3 of the accompanying EFRAG Draft Letter to the European Commission regarding endorsement of the Amendments. To summarise, EFRAG's initial assessment is that the Amendments will result in only insignificant incremental one-off costs of implementation and some ongoing costs for users that are unlikely to be significant.

Do you agree with this initial assessment?

Yes  No

If you do not, please explain why you do not and (if possible) explain broadly what you believe the costs involved will be?

- 5 In addition, EFRAG's initial assessment is that benefits are likely to be derived from the Amendments. The results of the initial assessment of benefits are set out in paragraphs 25 to 28 of Appendix 3 of the accompanying EFRAG Draft Letter to the European Commission regarding endorsement of the Amendments. To summarise, EFRAG's initial assessment is that both preparers and users are likely to benefit from the Amendments.

Do you agree with this initial assessment?

Yes  No

If you do not agree with this initial assessment, please provide your arguments and indicate how this should affect EFRAG's endorsement advice?

- 6 EFRAG's initial assessment is that the benefits to be derived from implementing the Amendments in the EU as described in paragraph 5 above are likely to outweigh the costs involved as described in paragraph 4 above.

Do you agree with this initial assessment?

Yes  No

If you do not agree with this initial assessment, please provide your arguments and indicate how this should affect EFRAG's endorsement advice?

*Investment Entities: Applying the Consolidation Exception  
Invitation to Comment on EFRAG's Assessments*

*Other factors considered*

7 EFRAG has also identified a number of other factors that could be considered in assessing whether the endorsement of the Amendments would be conducive to the European public good (see Appendix 3, paragraphs 4 to 8).

(a) Do you agree with the initial assessment of these factors?

Yes                       No

If you do not agree, please provide your arguments and indicate how this could affect EFRAG's endorsement advice.

(b) Do you agree that there are no other factors?

Yes                       No

If you do not agree, please provide your arguments and indicate how this should affect EFRAG's endorsement advice?

*Overall initial assessment with respect to the European public good*

8 EFRAG has initially concluded that endorsement of the Amendments would be conducive to the European public good (see Appendix 3, paragraph 30).

Do you agree with the initial assessment of these factors?

Yes                       No

If you do not agree, please explain your reasons.