

**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 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:

Association of Accounting Technicians (AAT)

- (b) Are you a:

Preparer User Other (please specify)

- Professional membership body
- Examination body
- Regulator – recognised by HM Treasury under the Money Laundering Regulations

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

AAT is a professional accountancy body with over 49,800 full and fellow members and 78,400 student and affiliate members worldwide. Of the full and fellow members there are over 4,100 Members in Practice who provide accountancy and taxation services to individuals, not-for-profit organisations and the full range of business types (figures correct as at 31 March 2015).

- (d) Country where you are located:

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

United Kingdom

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

email: consultation@aat.org.uk and aat@palmerco.co.uk

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London
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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, AAT does not believe there are any additional issues and as noted above AAT agrees that the amendments meet the technical criteria for endorsement. Overall, it is AAT's view is that the amendments are sensible and will assist in ensuring the quality of IFRS financial reporting in this relatively niche area.

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.

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

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.

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?

AAT's view is that the main factors have been considered and that there are no other factors of potential relevance to the endorsement.

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.