



THE INSTITUTE
OF CHARTERED
ACCOUNTANTS
IN ENGLAND AND WALES

27 April 2007

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THE INSTITUTE
OF CHARTERED
ACCOUNTANTS
IN ENGLAND AND WALES

ICAEW Representation

ICAEW REP 32/07

FRS 3 REPORTING FINANCIAL PERFORMANCE

Memorandum of comment submitted in April 2007 by The Institute of Chartered Accountants in England and Wales, in response to the Exposure Draft of Proposed Amendments to FRS 3 *Reporting Financial Performance* published by the Accounting Standards Board in March 2007.

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INTRODUCTION

1. The Institute of Chartered Accountants in England and Wales (the 'Institute') welcomes the opportunity to comment on the Exposure Draft of Proposed Amendments to FRS 3 *Reporting Financial Performance* published by the Accounting Standards Board in March 2007.

WHO WE ARE

2. The Institute operates under a Royal Charter, working in the public interest. Its regulation of its members, in particular its responsibilities in respect of auditors, is overseen by the Financial Reporting Council. As a world leading professional accountancy body, the Institute provides leadership and practical support to over 128,000 members in more than 140 countries, working with governments, regulators and industry in order to ensure the highest standards are maintained. The Institute is a founding member of the Global Accounting Alliance with over 700,000 members worldwide.
3. Our members provide financial knowledge and guidance based on the highest technical and ethical standards. They are trained to challenge people and organisations to think and act differently, to provide clarity and rigour, and so help create and sustain prosperity. The ICAEW ensures these skills are constantly developed, recognised and valued.

MAJOR ISSUES

Overall response

4. We support the Board's proposals.
5. The Board might consider a limited number of other corrections to the illustrative examples. For example, dividends are shown as a line item deduction in the profit and loss account, which does not reflect the changes made by FRS 21 and to Company Law with effect from 1 January 2005. There is a danger that this could be used to justify incorrect accounting.

PROPOSED AMENDMENT TO FRS 3 'REPORTING FINANCIAL PERFORMANCE'

Q1 Do you agree that the proposed amendment is a useful clarification? If not, why not?

6. Yes.

Q2 Are you aware of any problems that may arise as a result of the proposed amendments for entities that are not meant to be within the scope of this amendment?

7. No.

Q3 Are you aware of any other conflicts with FRS 3 that should be addressed at the same time as those stated in this Exposure Draft?

No.

Q4 Do you agree that the benefits of the proposed amendment would outweigh any costs involved? If not, why not? It would be helpful if any significant costs that would arise on implementation of the proposal could be identified and quantified.

8. Yes.

Q5 The ASB is proposing that the [draft] FRS be effective for accounting periods beginning on or after 1 January 2007 and it is permitting early adoption. Do you agree with the proposed effective date?

9. Yes.

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