



THE INSTITUTE
OF CHARTERED
ACCOUNTANTS
IN ENGLAND AND WALES

13 March 2009

Our ref: ICAEW Rep 27/09

Mr Stig Enevoldsen
Chairman
European Financial Reporting Advisory Group
13-14 Avenue des Arts
B-1210 Brussels

By email: commentletter@efrag.org

Dear Stig

ASSESSMENTS OF THE REVISED VERSION OF IFRS 1 'FIRST-TIME ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS'

The Institute of Chartered Accountants in England and Wales welcomes the opportunity to respond to EFRAG's Invitation to Comment on its assessments of the revised version of IFRS 1 'First-Time Adoption of International Financial Reporting Standards'.

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 130,000 members in more than 140 countries.

We are satisfied that:

- (a) the revision of IFRS 1 meets the technical criteria for endorsement by the EU; and
- (b) the benefits to be derived from applying the revised standard will exceed any costs involved.

We therefore fully support endorsement.

Our responses to the relevant questions raised by EFRAG are attached as an appendix to this letter.

Please contact me if you would like to discuss any of the points raised in this response.

Yours sincerely

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**INVITATION TO COMMENT ON EFRAG'S ASSESSMENTS OF THE REVISED
VERSION OF IFRS 1 'FIRST-TIME ADOPTION OF INTERNATIONAL FINANCIAL
REPORTING STANDARDS'**

Comments should be sent to commentletter@efrag.org by 13 March 2009.

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:**

The Institute of Chartered Accountants in England and Wales.

- (b) Are you/ls your organisation or company a:**

Other: professional accountancy body.

- (c) Please provide a short description of your activity/ the general activity of your organisation or company:**

See covering letter.

- (d) Country where you/your organisation or company is located:**

United Kingdom.

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

See covering letter: desmond.wright@icaew.com

2 EFRAG's initial assessment of the Restructured IFRS 1 is that:

- (a) the restructuring amendments (and wording changes consequential to those restructuring amendments) will have no effect on the financial reporting requirements of the standard. Furthermore, EFRAG agrees that the paragraphs that have been omitted from the Restructured IFRS 1 were indeed redundant. Finally, EFRAG believes that the other changes made are purely cosmetic and will have no impact on the standard's requirements (see Appendix 2).**

Do you agree with this assessment?

Yes.

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.

Not applicable.

- (b) it meets the technical criteria for endorsement. In other words, it is not contrary to the true and fair principle and it meets the criteria of understandability, relevance, reliability and comparability. EFRAG's reasoning is set out in Appendix 2.**

Do you agree with this assessment?

Yes

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.

Not applicable

- (c) Are there any issues that are not mentioned in Appendix 2 that you believe EFRAG should take into account in its technical evaluation of the Restructured IFRS 1? If there are, what are those issues and why do you believe they are relevant to the evaluation?**

No.

- 3 EFRAG is also assessing the costs that will arise for preparers and for users on application of the Restructured IFRS 1 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 are set out in Appendix 3. To summarise, EFRAG's initial assessment is that the Restructured IFRS 1 is:

- (a) is likely for some preparers in the EU to result in some insignificant additional year one costs, but that those incremental costs will be balanced out by cost savings for some EU preparers arising from the simplification of the standard. As a result, EFRAG believes that overall the Restructured IFRS 1 will have no cost implications for preparers in the EU; and**
- (b) unlikely to involve users in additional year one or ongoing incremental costs and is also unlikely to have any impact on the financial information provided.**

Thus, EFRAG's assessment is that the benefits and costs arising for preparers and users from implementing the Restructured IFRS 1 in the EU will balance each other out. On the other hand, EFRAG believes that the Restructured IFRS 1 will result in net benefits for those jurisdictions still to transition to IFRS and also for the IASB.

Do you agree with this assessment?

Yes

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

Not applicable.

- 4 EFRAG is not aware of any other factors that should be taken into account in reaching a decision as to what endorsement advice it should give the European Commission on the Restructured IFRS 1.**

Do you agree that there are no other factors?

Yes.

If you do not, please explain why you do not and what you think the implications should be for EFRAG's endorsement advice?

Not applicable.