



05 October 2011

Our ref: ICAEW Rep 98/11

Mme Françoise Flores
Chair
European Financial Reporting Advisory Group
13-14 Avenue des Arts
B-1210 Brussels

Chère Mme Flores

ED/2011/3 *Mandatory Effective Date of IFRS 9*

MAJOR POINTS

1. ICAEW welcomes the opportunity to comment on EFRAG's draft comment letter, published in October 2011, on the International Accounting Standards Board Exposure Draft ED/2011/3 *Mandatory Effective Date of IFRS 9*. Our responses to the main issues highlighted by EFRAG are set out below. A draft of our response to the IASB, which has not yet been finalised, is attached to this letter.
2. Like EFRAG, we welcome the IASB's decision to postpone the effective date of IFRS 9. We also agree that rather than setting a fixed effective date, it is more appropriate to set a minimum three year period between issuance and effective date and that this principle should apply not only for IFRS 9 but also to all of the major new standards under development.
3. However, we **strongly disagree** with the proposal not to change the requirements in IFRS 9 for the restatement of comparative periods.
4. We believe it is not possible to create meaningful comparatives when applying IFRS 9 as currently drafted since the classification and fair value option designations must be done as at the date of adoption of the standard and financial instruments that are derecognised as at that date continue to be reported under IAS 39 in the comparative periods. Therefore, while it would be possible to adopt the standard on a retrospective basis by restating the opening balance sheet for the current period to the extent possible, trying to restate an earlier opening balance sheet would involve so much cost and effort and produce such poor quality information as to not meet any reasonable cost benefit analysis.

RESPONSES TO SPECIFIC QUESTIONS RAISED BY EFRAG

EFRAG question 1

Do you believe that the effective dates of the future standards on revenue recognition and leases should be aligned with those of IFRS 9 and the new standard on insurance contracts? Please explain why.

5. We support a 'big bang' approach, under which all the major standards under development (ie, financial instruments, insurance contracts, leasing and revenue recognition) share a single mandatory adoption date. As noted above, in our view the mandatory adoption date for all of these standards should be three years after the completion of the final standard in the package.

EFRAG question 2

Do you believe that early adoption of those standards should continue to be permitted? Please explain why.

6. We believe that early adoption should continue to be allowed. However, we suggest that early adoption of the new standard on insurance contracts should only be allowed if IFRS 9 is also early adopted and vice versa.

Please contact me should you wish to discuss any of the points raised in this letter or the attached draft response.

Yours sincerely

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