



THE INSTITUTE  
OF CHARTERED  
ACCOUNTANTS

IN ENGLAND AND WALES

28 April 2008

Our ref: ICAEW Rep 61/08

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

By email: [commentletter@efrag.org](mailto:commentletter@efrag.org)

Dear Stig

**ENDORSEMENT OF THE AMENDMENTS TO IAS 32 AND IAS 1 *PUTTABLE FINANCIAL INSTRUMENTS AND OBLIGATIONS ARISING ON LIQUIDATION***

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 Amendments to IAS 32 and IAS 1 *Puttable Financial Instruments and Obligations Arising on Liquidation*, published by EFRAG in March 2008.

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

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We are satisfied that:

- (a) the benefits to be derived from applying the amendments to IAS 32 and IAS 1 will exceed any costs involved; and
- (b) the revised standards meets the criteria for endorsement by the EU.

We therefore fully support endorsement.

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

Yours sincerely

Desmond Wright  
Senior Manager, Corporate Reporting  
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**INVITATION TO COMMENT ON THE EFRAG'S ASSESSMENTS OF THE AMENDMENTS TO IAS 32 AND IAS 1 *PUTTABLE FINANCIAL INSTRUMENTS AND OBLIGATIONS ARISING ON LIQUIDATION***

**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 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 amendments is that they meet the technical criteria for endorsement. In other words, they are not contrary to the true and fair principle and they meet the criteria of understandability, relevance, reliability and comparability. EFRAG's reasoning is set out in Appendix 2.**

**(a) 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.**

NA.

**(b) 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 amendments? 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 to implement the amendments 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 work. The results of the initial assessment are set out in Appendix 3. To summarise, the amendments will:

- (a) involve preparers incurring some year one costs—in order to read, understand and implement the new requirements—but that those costs will not be significant (see Appendix 3 paragraphs 1-7) ;
- (b) not involve preparers incurring significant incremental ongoing costs (see Appendix 3 paragraphs 1-7) ; and
- (c) involve users incurring only insignificant incremental year one and no incremental ongoing costs. Indeed, the amendments might reduce the ongoing costs to some users by making it easier to understand and analyse the financial statements of entities issuing instruments of the type addressed in the amendments (see Appendix 3 paragraph 8).

**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?**

NA.

- 4 As EFRAG believes (as explained in Appendix 3) that the amendments will improve the quality of the financial information provided and its implementation will involve on an overall level additional costs that will not be significant, it has tentatively concluded that the benefits to be derived from applying the amendments will exceed the costs involved.**

**Do you agree with this assessment?**

Yes

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

NA.

- 5 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 amendments.**

**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?**

NA.

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