



30 September 2009

Our ref: ICAEW Rep 107/09

Ms Michelle Crisp
Accounting Standards Board
5th Floor, Aldwych House
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By email: asbcommentletters@frc-asb.org.uk

Dear Michelle

IMPROVEMENTS TO FINANCIAL REPORTING STANDARDS

The Institute of Chartered Accountants in England and Wales welcomes the opportunity to comment on the exposure draft *Improvements to Financial Reporting Standards*, published by the Accounting Standards Board in June 2009.

We have not attempted to respond to all the detailed amendments set out in the exposure draft. However, we have identified a substantive problem in relation to the proposed changes to FRS 11, which is likely to lead to confusion if reflected in the standard. Our concerns are as follows:

- The drafting of paragraph 69 could be improved. It starts 'If the impairment loss is measured by estimating the reference to value in use or the net realisable value ...', but impairment will **always** be measured by estimating either VIU or NRV, since recoverable amount is the higher of those two numbers.
- Paragraph 69 goes on to require that 'the discount rate applied to the cash flows should be disclosed'. This appears to be a major flaw, since an NRV figure will not necessarily have been estimated using cash flows. The IASB's changes to its goodwill disclosures acknowledged this in asking for discount rate disclosures only when fair value less costs to sell is based on cash flows.

I hope these comments are helpful. Please do not hesitate to contact me if you would like to discuss these or other aspects of the proposals.

Yours sincerely

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