



THE INSTITUTE
OF CHARTERED
ACCOUNTANTS
IN ENGLAND AND WALES

14 April 2008

Our ref: ICAEW Rep 47/08

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

By email: commentletter@efrag.org

Dear Stig

ENDORSEMENT OF AMENDMENT TO IFRS 2

The Institute of Chartered Accountants in England and Wales welcomes the opportunity to respond to the Invitation to Comment on the EFRAG's Assessments of the Amendment to IFRS 2 *Share-Based Payment: Vesting Conditions And Cancellations*, 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 IFRS 2 (Revised) will exceed any costs involved; and
- (b) the revised standard 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
AMENDMENT TO IFRS 2 SHARE-BASED PAYMENT: VESTING CONDITIONS
AND CANCELLATIONS**

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/Is your organisation or company a:**

☐ **Preparer** ☐ **User** ☐ **Other (please specify)**

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 Amendment is that 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.

- (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 Amendment? If there are, what are those issues and why do you believe they are relevant to the evaluation?**

No.

3 EFRAG is carrying out a separate assessment of the costs that will arise for preparers and for users to implement the Amendment, both in year one and in subsequent years. Some initial work has been carried out and the need for further targeted work has been identified. The responses to this Invitation to Comment and the results of the additional targeted work 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 Amendment will:

- (a) involve many preparers incurring some year one costs—in order to read, understand and implement the new requirements retrospectively. For some of those preparers the year one costs could be significant, but EFRAG's initial assessment is that, across preparers as a whole, the year one costs will not be significant (Appendix 3, paragraphs 4 - 7);**
- (b) involve preparers incurring only insignificant incremental ongoing costs (Appendix 3, paragraphs 4 and 5); and**
- (c) involve users incurring no incremental year one or ongoing costs (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 EFRAG believes (as explained in Appendix 3, paragraph 9) that the Amendment will to improve the quality of the financial information provided and its implementation will involve on an overall level additional costs that will not be significant. Its initial assessment furthermore is that the benefits to be derived from applying the Amendment will exceed the costs involved (Appendix 3, paragraph 10).

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 Amendment.

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.

Email: desmond.wright@icaew.com

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