



Ref: 07-851

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Chairman
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Belgium

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IASB's Exposure Draft of proposed Improvements to International Financial Reporting Standards 2007

Dear Mr. Enevoldsen,

The Committee of European Securities Regulators (CESR), through its standing committee on financial reporting (CESR-Fin), considered EFRAG's draft letter on Exposure Draft of proposed Improvements to International Financial Reporting Standards 2007.

We thank you for this opportunity to comment on your draft letter and we are therefore pleased to provide you with the following comments:

- In general CESR-Fin is supportive of the main comments in EFRAG's draft comment letter.
- CESR-Fin is supportive of the efforts of the IASB towards eliminating minor inconsistencies within the various standards. CESR-Fin agrees with EFRAG that such a project by the IASB should only contain minor changes and not changes which could be considered as resulting in material changes of IFRS. Also, we agree with EFRAG that the improvements project should ensure that the overall goal of principle based standards is achieved. In this respect, CESR-Fin would like to highlight a few points, which are mentioned below.
- As EFRAG, CESR-Fin is very concerned with the amendment to IAS 1 proposed by the IASB regarding the statement of compliance with IFRSs. IAS 1 paragraphs 14, 108 and seq. already require entities both to make an explicit and unreserved statement of compliance and to disclose a summary of significant accounting policies. CESR therefore believes that the current disclosure requirements in IAS 1 are sufficient for users to understand the financial statements, even if the carve out has been applied. Moreover, regarding the new paragraph 16A proposed in the exposure draft of IAS 1, it is from our perspective not clear enough to what extent an issuer could be required to produce reconciliation to IFRS as adopted by the IASB, when describing each difference to IFRS as adopted by IASB (16A.a) and how it's reported financial position and performance is affected (16A.b). In this regard, adding an illustrative example could be helpful to facilitate proper application and enforcement.
- CESR-Fin agrees with EFRAG that transparent and sufficiently detailed disclosures explaining the accounting policies applied by issuers are fundamental to enable users to understand the financial statements. In this respect, CESR published in January 2006 a public statement¹

¹ ref. CESR/05-758 at www.cesr.eu



reminding issuers and investors about the importance of clear and transparent disclosures on the use of any options made available by applicable financial reporting standards. In particular regarding the carve out, CESR underlined in the public statement, that issuers applying the carve out, should explain this in the accounting policies.

- Finally, CESR would like to mention that a longer and extensive consultation period would have been relevant for an exposure draft containing the originally proposed amendment of paragraph 16 A.

I should be happy to discuss all these issues further with you.

Yours sincerely,

Fernando Restoy
Chairman of CESR-Fin