

Jörgen Holmquist  
Director General  
European Commission  
DG Internal Market and Services

17 November, 2008

**Subject:           Assessment of objectivity and balance of EFRAG's endorsement opinion on *IFRS 3 Revised – Business Combinations* – and on the Amendment to *IAS 27 – Consolidated and Separate Financial Statements – Issued on 10 January 2008.***

Dear Mr Holmquist,

According to Article 2 of the Commission Decision 2006/505/EC of 14 July 2006 (OJ L 199, 21.7.2006, p. 33), the task of the Standards Advice Review Group is to advise the Commission, before it takes a decision on endorsement, on whether EFRAG's opinions on endorsement of International Financial Reporting Standards (IFRS) and Interpretations by the International Financial Reporting Committee (IFRIC's) are well balanced and objective.

The International Accounting Standards Board (IASB) has published *IFRS 3 Revised – Business Combinations* – and the *Amendment to IAS 27 – Consolidated and Separate Financial Statements* – on 10 January 2008.

The European Financial Reporting Advisory Group (EFRAG) has, in its letters of 7 November 2008, recommended the European Commission to propose IFRS 3R and IAS 27A for adoption by the EU.

Pursuant to the request of the European Commission of 17 November 2008 for advise on whether EFRAG's opinions on endorsement of *IFRS 3R – Business Combinations* – and of *IAS 27A – Consolidated and Separate Financial Statements* – of 7 November 2008 is well balanced and objective,

### **the Standards Advice Review Group**

having regard to the EFRAG's final opinions on endorsement of *IFRS 3R – Business Combinations* – and on *IAS 27A – Consolidated and Separate Financial Statements* – of 7 November 2008, comment letters, EFRAG's summary and analysis of comments, EFRAG's effect study, and the relevant records of the EFRAG Technical Expert Group (TEG) meetings;

having considered further information given by the Chairman of TEG and EFRAG staff at the meetings of the Standards Advice Review Group,

**has concluded by consensus**

that EFRAG's opinions on endorsement of *IFRS 3R – Business Combinations* – and on *IAS 27A – Consolidated and Separate Financial Statements* – of 7 November 2008 are well-balanced and objective.

Please contact me if you have questions relating to this assessment.

Yours sincerely,

.....  
Geoffrey Mitchell  
Chairman of the Group