

23 September, 2008

Mr Jörgen Holmquist  
Director General  
European Commission  
DG Internal Market and Services

**Subject:        Assessment of objectivity and balance of EFRAG's endorsement opinion  
on Amendments to *IFRS 1 and IAS 27 – Cost of an investment in a  
Subsidiary, Jointly Controlled Entity or Associate – Issued 22 May 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 a revision of *IFRS 1 and IAS 27 Cost of an investment in a Subsidiary, Jointly Controlled Entity or Associate* on 22 May 2008.

The European Financial Reporting Advisory Group (EFRAG) has, in its letter of 21 July 2008, recommended the European Commission to propose Amendments to IFRS 1 and IAS 27 for adoption by the EU.

#### **The Standards Advice Review Group**

having regard to the EFRAG's final opinion on endorsement of Amendment to *IFRS 1 and IAS 27 Cost of an investment in a Subsidiary, Jointly Controlled Entity or Associate* of 21 July 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 opinion on endorsement of Amendment to *IFRS 1 and IAS 27 Cost of an investment in a Subsidiary, Jointly Controlled Entity or Associate* of 21 July 2008 is well-balanced and objective.

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

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Geoffrey Mitchell', written over a dotted line.

Geoffrey Mitchell  
Chairman of the Group