

Barclays PLC One Churchill Place London E14 5HP

Alan Teixeira Senior Project Manager International Accounting Standards Board 30 Cannon Street London EC4M 6XH

Letter of Comment No: 144 File Reference: 1204-001

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Dear Mr Teixeira

Amendments to IFRS 3, IAS 27, IAS 37 and IAS 19

Barclays is a UK-based financial services group, with a very large international presence in Europe, the USA, Africa and Asia. It is engaged primarily in banking, investment banking and investment management. In terms of market capitalisation, Barclays is one of the largest financial services companies in the world. Barclays has been involved in banking for over 300 years and operates in over 60 countries with more than 78,800 permanent employees.

We are pleased to provide some high level comments to these exposure drafts. We support the detailed comments made by other bodies such as EFRAG and The Hundred Group, which do not support the proposals.

We are almost wholly opposed to the changes proposed in these exposure drafts. In the main, we do not consider that the changes improve financial reporting. There is no evidence that IFRS 3 was causing such difficulties that it required such a fundamental overhaul. Indeed, the aspects of business combinations that do need to be addressed, such as dealing with combinations involving companies under common control, have been left to later stages. We also do not consider the proposed amendments to IAS 37 to be improvements and are concerned that they would introduce additional US GAAP differences.

While the IASB asserts that the moves towards greater use of fair values and to producing consolidated accounts from the perspective of the entity will provide more relevant information to users, this is not demonstrated. The IASB has conducted no field testing and we have concerns that the costs of the proposals will outweigh any possible benefit to

users and that many of the proposals would be difficult, if not impossible, to implement in practice. Our concerns apply to both the amendments to IFRS 3 and IAS 37.

While we can accept that the IASB may wish to pursue particular accounting issues in exposure drafts before completing the relevant parts of the conceptual framework, we consider that, in this case, the IASB has been mistaken. Given that the proposals cross over many aspects of the conceptual framework such as the purpose of financial statements, the differences between debt and equity and whether probability is a recognition or measurement criteria, these issues should be resolved, either through amending the framework or issuing discussion papers, before proceeding to exposure drafts.

More specifically, we do not agree with the following aspects of the proposals:

- > The entity approach which confuses the information needs of the shareholders of the parent company with those of the minority interests.
- Measuring and recognising goodwill as the excess of the fair value of the acquiree, as a whole, over the net amount of the recognised identifiable net assets and recognising goodwill attributable to the non-controlling interest.
- Accounting for acquisition-related costs incurred in connection with the business combination separately from the business combination
- > Recognising the remeasurement of contingent consideration classified as a liability in the income statement
- Recognising in profit or loss any gain or loss on previously acquired non-controlling equity investments on the date control is obtained.
- ➤ Treating changes in the parent's ownership interest in a subsidiary after control is obtained (that to not result in loss of control) as transactions with equity holders.
- ➤ Recognising in profit or loss any gain or loss on any non-controlling equity investment remaining in a former subsidiary at the date control is lost.
- Using the term "non-financial liabilities" which is confusing and misleading.
- Applying the expected cash flow approach to all non-financial liabilities and treating probability as a measurement rather than recognition attribute in determining provisions.
- ➤ Placing all contingent assets within the scope of IAS 38; it seems doubtful that all such assets are intangible.
- Recognising a liability for each cost associated with a restructuring when the entity has a liability for that cost. The current approach, of recognising at a specified point a single liability for all the costs associated with the restructuring seems to us to provide more relevant and useful information.

We support the approach to acquisition accounting set out in the current version of IFRS 3, which is based on allocating the cost of acquisition to the net assets acquired. We also support the approach to recognition and measurement of provisions in IAS 37, which represents well established and understood practice. In our view, the proposals do not represent an improvement to existing practice and should be withdrawn.

Yours sincerely

Mark Merson

Financial Controller

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Barclays Bank PLC