

International Accounting
Standards Board

30, Cannon Street, London EC4M 6XH, United Kingdom

№ 18-2-2-14/1004
08 July 2010

On the Exposure Draft
ED/2010/02 Conceptual Framework
for Financial Reporting :The Reporting Entity

Dear Sir/Madam,

The Bank of Russia has considered the Exposure Draft *ED/2010/02 Conceptual Framework for Financial Reporting: The Reporting Entity* and informs the following.

Question 1

We propose to consider the possibility of not changing the exist definition presented in paragraph 8 of the *Framework for the Preparation and Presentation of Financial Statements* that “a reporting entity is an entity for which there are users who rely on the financial statements as their major source of financial information about the entity”. In many jurisdictions a reporting entity is a legal entity which prepares financial reports. It is not clear from the content of the exposure draft, which kind of financial reports “reporting entity that can be a portion of a single entity” will prepare (paragraph RE4 of the exposure draft). It is not defined in the exposure draft, who makes the judgment that financial information about a portion of the entity –“reporting entity” - has the potential to be useful in making decision about providing resources to that portion of the entity (paragraph RE6 of the exposure draft).

We are of the opinion that it is appropriate to consider the possibility of adding argument in the exposure draft, that financial information about a portion of the entity (e.g. branch) has the potential to be useful only as part of financial reports of the whole entity.

Question 2

We agree with statement that if an entity that controls one or more entities prepares financial reports, it should present consolidated financial statements. Consolidated financial

statements are necessary for presenting the financial statements of a group as those of single economic entity. “Parent-only” financial statements might provide useful information not only if they are presented together with consolidated financial statements (paragraph RE11 of the exposure draft) as take into account specificity of some organization such as central banks, their separate financial statements might provide unconditional interest for users.

Question 3

We are of the opinion that it is appropriate to consider the possibility of adding argument in the exposure draft, that financial information about a portion of the entity (e.g. branch) has the potential to be useful only as part of financial reports of the whole entity. Currently information about a portion of the entity disclose in financial statements as reportable segment, generating unit, disposal group or discontinued operation.

Question 4

Neither the IASB’s *Framework for the Preparation and Presentation of Financial Statements* nor FASB Concepts Statements override authoritative standards (paragraph P10 of the exposure draft). Therefore there is not necessity to delay completion of the reporting entity concept until the IASB and FASB’s common standards on consolidation have been issued, if principle’s authoritative status doesn’t change. Because standard’s terminology and definitions will be obligatory to apply even though some may be inconsistent with terminology and definitions set in *Framework for the Preparation and Presentation of Financial Statements*.

Yours sincerely,

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Director of the Accounting and Reporting Department