



**The Institute of
Chartered Accountants
of Pakistan**

HEAD OFFICE

International Accounting Standards Board,
30 Cannon Street, London EC4M6XH,
United Kingdom

July 14, 2010

Subject: **COMMENTS ON EXPOSURE DRAFT OF 'CONCEPTUAL REPORTING
FRAMEWORK FOR FINANCIAL REPORTING: THE REPORTING ENTITY'**

Sir,

The Institute of Chartered Accountants of Pakistan welcomes the opportunity to offer comments on the above mentioned exposure draft.

Please find enclosed the comments of the relevant Committee of the Institute for your perusal.

If you require any further clarification, please do not hesitate to contact us.

Yours faithfully,

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**COMMENTS ON EXPOSURE DRAFT OF 'CONCEPTUAL REPORTING FRAMEWORK
FOR FINANCIAL REPORTING: THE REPORTING ENTITY'**

Question 1

Do you agree that a reporting entity is a circumscribed area of economic activities whose financial information has the potential to be useful to existing and potential equity investors, lenders and other creditors who cannot directly obtain the information they need in making decisions about providing resources to the entity and in assessing whether the management and the governing board of that entity have made efficient and effective use of the resources provided? (See paragraphs RE2 and BC4–BC7.) If not, why?

Answer:

Yes, we agree with the description of the Reporting Entity

Question 2

Do you agree that if an entity that controls one or more entities prepares financial reports, it should present consolidated financial statements? Do you agree with the definition of control of an entity? (See paragraphs RE7, RE8 and BC18–BC23.) If not, why?

Answer:

Yes, an entity that controls one or more entities should present consolidated financial statements. The definition of control is adequate.

Question 3

Do you agree that a portion of an entity could qualify as a reporting entity if the economic activities of that portion can be distinguished from the rest of the entity and financial information about that portion of the entity has the potential to be useful in making decisions about providing resources to that portion of the entity? (See paragraphs RE6 and BC10.) If not, why?

Answer:

No, providing piecemeal information about an entity will not provide the complete picture necessary for effective economic decision making in most circumstances. Where such information is provided, it should be in addition to entity-wide reporting.

Question 4

The IASB and the FASB are working together to develop common standards on consolidation that would apply to all types of entities. Do you agree that completion of the reporting entity concept should not be delayed until those standards have been issued? (See paragraph BC27.) If not, why?

Answer:

Yes, the sooner the concept is clarified the better.
