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International Accounting Standards Board  
30 Cannon Street  
London EC4M 6XH  
UK

2 July 2010

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Dear Sirs,

**Re.: IASB Exposure Draft ED/2010/2, Conceptual Framework for Financial Reporting.  
The Reporting Entity**

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The Danish Accounting Standards Committee set up by FSR is pleased to respond to your invitation to comment on the International Accounting Standard Board's Exposure Draft: "Conceptual Framework for Financial Reporting: The reporting Entity"

Overall FSR agrees to the proposed Exposure Draft. We have mentioned our comments below.

**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? If not, why?**

FSR agrees with the proposed broad description of a reporting entity. However, we like to mention that in Denmark – and probably many other countries as well – the financial information provided by entities has a wider user group than only investors, lenders and creditors.

**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?**

FSR agrees with the definition of control. Consolidated financial statements provide useful information and should be presented when an entity controlling one or more entities prepares financial statements.

We think that control is a concept that might deserve its own chapter in the Conceptual Framework. It could be questioned whether a broader discussion is needed before a conclusion is made on this issue. However we find that the issuance of the new conceptual Framework should not be delayed further.

**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? If not, why?**

FSR agrees that a portion of an entity can qualify as a reporting entity if that portion meets the description and characteristics of a reporting entity.

**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 chapter of the *Conceptual Framework* should not be delayed until those standards have been issued? If not, why?**

We find that it is the right order to develop a Conceptual Framework and afterwards base the related standards on this Framework. According to this view FSR agrees that the Conceptual Framework should not be delayed.

Further FSR would like to address section RE11 where it is expressed that "parent - only financial statements might provide useful information". In FSR's opinion, for example, the parent - only financial statement provides useful information about possibilities of distributing dividends, which can be important information to many investors.

Kind regards,

Jan Peter Larsen  
Chairman of the Accounting Standards Committee

Ole Steen Jørgensen  
chief consultant, FSR