16 July 2010

International Accounting Standards Board 30 Cannon Street LONDON EC4M 6XH

Dear Sir/Madam,

Re: Preliminary views on an improved Conceptual Framework for Financial Reporting – The reporting entity

We welcome the invitation to comment on this Exposure Draft and write on behalf of Cobham plc, a UK based FTSE 100 and S&P Europe 350 company in the Aerospace and Defence sector.

We are supportive of the IASBs conceptual framework project and have responded in accordance with the invitation to comment to the proposals made in the Exposure Draft. We agree that it is appropriate to continue to develop the conceptual framework independently of the development of specific accounting standard work streams, such as the consolidations work stream, although we would not expect inconsistencies with the principles of the developing framework to arise through this. We would expect that the Board would commit to act quickly to reconcile differences in the principles being developed through the framework with the specific standards that become disconnected from those principles. Not to do so would, in our opinion, significantly weaken the standing and importance of the framework.

Whilst we understand the arguments made for widening the definition of a reporting entity we do not support this proposal and would want to retain the existing linkage between the definition of a reporting entity and the requirements to be structured as a legal entity. We are opposed to the potential, if inadvertent, inclusion of business activities that do not constitute reporting entities in a wider definition, such as that proposed in paragraph RE2. For example, it is possible that a segment of a legal entity might be of interest to competitors who could be considered 'potential equity investors' and therefore this segment might meet a definition of a reporting entity despite the fact that it does not act as a reporting entity.

We agree that control is an appropriate matter to deal with at the conceptual level. We believe that the definition proposed by the Board in paragraph RE7 is appropriately high level to provide the ability to be relevant to a number of legal environments. We also agree that consolidated accounts should be presented where an entity controls one or more entities provided that this does not apply to intermediate entities within a group structure.

Please contact Stephen Morris at stephen.morris@cobham.com or Paul Kemp at paul.kemp@cobham.com if you need any further clarification in respect of these comments.

Yours faithfully,

Paul Kemp FCMA
Group Director of Financial Control

Stephen Morris ACA, MSc (Econ) Financial Accounting Manager