



Ms. Françoise Flores  
TEG Chair  
EFRAG  
Square de Meeûs 35  
B-1000 BRUXELLES

E-mail: [Commentletters@efrag.org](mailto:Commentletters@efrag.org)

24 June 2013

Ref.: ACC/AKI/HBL/SRO

Dear Ms. Flores,

**Re: EFRAG Getting a Better Framework Reliability of Financial Information Bulletin**

- (1) FEE (the Federation of European Accountants) is pleased to provide you below with its comments on EFRAG Getting a Better Framework Reliability of Financial Information Bulletin (the "Bulletin").
- (2) We support EFRAG's initiative, together with other national standard setters, to stimulate debate on key issues related to the IASB Conceptual Framework and to ensure that the European views are influential in this debate.
- (3) We agree with EFRAG that reliability (including the idea of verifiability) needs to be reinstated as a fundamental characteristic of information in financial statements.
- (4) We believe that the meaning of "reliability" is better understood than the term "faithful representation" that emanates from the US literature. If indeed, the change by the IASB was motivated by the fact that the concept of reliability was not well understood, it appears that nothing was gained by replacing one term that was misunderstood by one that is not necessarily better understood.
- (5) We believe that the effect of replacing reliability with faithful representation goes beyond a mere change of word. We believe that "reliability" is a broader notion than "faithful representation". Hence, the quality of the information produced could potentially be affected by the change made to the Conceptual Framework.
- (6) More specifically, we agree with paragraph 19 of the Bulletin, that the concept of faithful representation as a replacement to reliability weakens the importance of measurement uncertainty and verifiability.
- (7) As an example of the potential consequences, we are concerned that use of the concept of faithful representation in the development of the measurement principles could lead to a conclusion that fair value provides a faithful representation of assets and liabilities, whereas cost-based measures do not, without regards to the fact that in some circumstances measurement at fair value is highly uncertain. An example of this is the requirement to measure equity instruments at fair value in IFRS 9 even if it is an investment in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured.

For further information on this letter, please contact Hilde Blomme, Deputy CEO at the FEE Secretariat on +32 2 285 40 77 or via e-mail at [hilde.blomme@fee.be](mailto:hilde.blomme@fee.be).

Yours sincerely,

A handwritten signature in blue ink, appearing to be 'AK', written in a cursive style.

André Killesse  
President

A handwritten signature in blue ink, appearing to be 'OBT', written in a cursive style.

Olivier Boutellis-Taft  
Chief Executive