

22.7/8/1

23 March 2005

Stig Enevoldsen
EFRAG, Chairman

Dear Mr Enevoldsen,

RE: EFRAG'S DRAFT ENDORSEMENT ADVICE LETTER ON IFRIC 3: EMISSION RIGHTS

In response to your consultation on the above draft, UNICE has carefully examined the proposed non-endorsement and supports EFRAG's recommendation for non-endorsement.

UNICE fully agrees with EFRAG's analysis that IFRIC 3 does not allow emission rights to be accounted for in a true and fair manner. UNICE agrees that the outcome of IFRIC 3 is not appropriate, although the accounting treatment defined by IFRIC is in conformity with all existing standards. Considering the mixed measurement model on which IFRS are based and the inconsistencies that may arise among different standards, UNICE is of the view that at no time should the true and fair view principle be overridden because of the potential inadequacy or inappropriate interaction of existing standards.

UNICE therefore urges EFRAG to recommend the Commission not to consider adoption of IFRIC 3.

Emission rights may be for some entities significant enough to be accounted for and nonetheless not material enough to allow emission right impacts to distort the reporting of their financial position. Those entities may therefore be in a position where compliance with full IFRS would have greater weight than the undesirable effect of applying IFRIC 3. UNICE is of the view that these entities should not be prohibited from applying IFRIC 3 by the terms of any European Commission decision.

We hope that the above-mentioned is taken into account and remain at your disposal should you need any further information.

Yours sincerely,

(original signed by)
Jérôme P. Chauvin
Director, Company Affairs Department