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THE INSTITUTE OF
CHARTERED ACCOUNTANTS OF SRI LANKA

22nd July 2013

Ms Superna Khosla,
Relationship Director,
The International Integrated Reporting Council,
29 Lincoln's Inn Fields,
London, WC2A 3EE,
United Kingdom

Dear Superna,

Comments on the Consultation Draft of the International <IR> Framework

The Institute of Chartered Accountants of Sri Lanka is pleased to respond to your request for comments on the Consultation Draft of the International <IR> Framework.

The appendix to this letter provides our responses to the specific questions addressed in the IR Framework. Please contact me should you wish to discuss any of the points raised in the attached response.

Thank You

Yours sincerely,
The Institute of Chartered Accountants of Sri Lanka


Upendra Wijesinghe,
Senior Technical Manager,

COMMENTS FOR THE CONSULTATION DRAFT

| Question No. | Responses |
|--------------|--|
| 1 | No principle to be added or deleted. |
| 2 | Yes |
| 3 | Global Reporting Initiative, Accountability's AA1000 series |
| 4 | None |
| 5 | Yes. A strong focus on capitals needs to be at the heart of management discussion. |
| 6 | In the current business context any organization would be attempting to preserve, optimize, raise or invest in any one or more of these capitals at a given moment in time. Therefore it would be useful for organizations to mention within its Integrated Report as to what strategy (i.e.-preserving, optimizing, raising or investing) they are pursuing for each of these capitals. There should be a continuous process for quantifying the values for six capitals and it is recommended to provide guidance on quantifying and disclosing these information. |
| 7 | Agree with the definition. IFRS 3.B7 provides a definition for a business. Both these definitions have similarities. |
| 8 | Agree with the definition. |
| 9 | None |
| 10 | None |
| 11 | Agree with the approach to materiality. |
| 12 | None |
| 13 | External assurance focused on specific areas. |
| 14 | Given that an Integrated Report contains qualitative and quantitative information, it creates an issue whether there is a possibility that an assurance report could be provided for the whole Integrated Report If an assurance provider provides assurance only on specifically identified aspects of the Integrated Report and not on the whole report, this may create an impression in the mind of a reader that the assurance provider has provided assurance on the full report. To avoid such confusion, it may be necessary that guidance should be provided as to the best manner to distinguish parts within the Integrated Report that are covered by the assurance report. It will be good if such guidance can also denote the manner to identify the level of assurance (i.e. reasonable, |

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| | <p>limited or no assurance).</p> <p>On the other hand If an assurance report is given only for the selected sections of the report, it will have an impact on the credibility (reliability) of the Integrated Report taken as a whole which needs to be considered when proving any guidance in this regard.</p> |
| 15 | None |
| 16 | None |
| 17 | <p>Yes. The basis of providing assurance would be this. Those charged with governance should take responsibility for the Integrated Report. Then it will be possible for the assurance provider to express assurance on the contents of the report. ISAE 3000 required the assurance provider to make a statement as part of the opinion to identify the responsible party and to describe the responsible party's and the assurance provider's responsibilities.</p> |
| 18 | None |
| 19 | Refer answer to question 14 above. |
| 20 | None |
| 21 | It is recommended to provide more guidance on the reporting boundaries as it is more judgmental. |
| 22 | None |
| 23 | <p>The materiality determination process (5B), Disclosure of material matters (5C) and Reporting Boundaries (5G)</p> <p>It is recommended to provide application guidance on Integrated Reporting with a sample road-map in implementing an integrated reporting framework in an organization</p> |
| 24 | Recommend to offer a concessionary rate for the developing countries to join the IIRC Pilot Project |