

EFRAG working group: Venture Capital Investments
TERMS OF REFERENCE

- EFRAG has decided to set up a small working group on accounting for Investments of Venture Capital companies and similar companies (below referred to as Venture Capital Investments).. The working group should consider:
 - various alternatives to account for Venture capital Investments,
 - whether a limited exception to current IFRS should be suggested as far as such investments are concerned.

- The group should include members from the Venture Capital Industry.
- The group should provide a good mix of country background.

- The size of the group should be limited to 5 members in total. This should include
 - Chairman (EFRAG member)
 - 3-4 working group members

The chairman of EFRAG TEG/Technical Director should feel free to participate in the discussions whenever appropriate.

- Kick off meeting should be in February 2005.

- Frequency of meetings: monthly or more often if necessary, plus email/telephone contacts between the meetings travel time should be limited as far as possible.

- Regular updates to TEG
 - TEG should monitor the outcome of the group's discussion on a regular basis in order to give input and feedback on the general direction of the work.
 - The working group should, as far as possible, get regular updates on the deliberations of the work with IASB on related matters and should take

such work into consideration where appropriate.

- Objective of the working group: The group should prepare papers
 - as a discussion basis with the aim to make sure that also Industry views are taken into account by the IASB
 - forming a basis of the views of EFRAG (after approval by TEG)
 - to be seen as pro-active work by EFRAG and relevant groups in Europe towards IASB.

Exposure of views may be necessary.

Papers prepared by the group could be used as a discussion basis for EFRAG Advisory Forum.

- Outcome of the working group:
 - One or more papers presenting pros and cons with various alternatives of accounting for Venture Capital Investments, with tentative conclusions highlighted.
 - Relevant and timely input to TEG.

Next steps:

- Approve terms and references
- Advertise for applications for membership
- Specify the work programme.

Brussels, 12 January 2005