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Accounting Standards Board
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Dear Sir

Consultation Paper: The future of UK GAAP

Thank you for the opportunity to comment on the Board's consultation paper. We wish to draw the Board's attention to the consolidation requirements under IFRS for SMEs, and the adoption date for IFRS for SMEs and XBRL.

UK legal structure

The parent company of our UK entity is Intel Corporation, a US registered entity. Our UK entity has approximately 30 subsidiaries registered throughout Europe. Our UK entity does not prepare consolidated financial statements under S401 of the Companies Act 2006 and UK GAAP.

Consolidation requirements

S401 of the Companies Act 2006 provides an exemption for companies consolidated in non-EEA group accounts where its parent prepares consolidated accounts in an equivalent manner to UK GAAP. Further, under the EU 7th Company Law Directive, when a parent company prepares its annual accounts in accordance with IFRS as adopted by the EU, the provisions in IAS 27 setting out the requirement to prepare consolidated accounts do not apply.

Conversely, paragraph 9.3 (a) (ii) of the IFRS for SME as issued by the IASB provides an exemption to consolidation only if the parent prepares consolidated accounts under full IFRS or the SME standard. This inconsistency between IFRS for SME and S401/UK GAAP would require UK parent's with non-EEA parents to prepare consolidated accounts if they adopt IFRS for SME. This consolidation requirement would be costly and time consuming, and would not add shareholder value. We therefore recommend that paragraph 9.3 (a) (ii) is amended to conform with S401 of the Companies Act 2006 and the EU 7th Company Law Directive.

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Adoption Date of SMEs for IFRS and XBRL

We believe the ASB should not mandate the use of IFRS for SMEs until the joint IASB and FASB convergence projects have been completed and the IFRS for SME appropriately updated. In addition, the mandatory adoption date in the UK should align with the US IFRS adoption roadmap. This will enable non-EEA groups to move to IFRS and IFRS for SMEs in the most cost effective manner. Absent this alignment, companies would have to transition to the current IFRS for SMEs in 2012 and then make significant changes again in 2013+ once the completed convergence projects are incorporated into the next revision of IFRS for SME.

In addition, UK entities are required to move to XBRL in 2011 following the UK GAAP taxonomy for one year, then required to move to the IFRS taxonomy in 2012. This adds both complexity and cost. We therefore suggest that the IFRS for SMEs is made optional from 2011, thereby allowing companies to transition to IFRS for SMEs and XBRL at one time.

If you have any questions, please contact Simon Howell on 01793 403622; or simon.p.howell@intel.com.

Yours faithfully,



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