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Chairman

PDC N° 04

Paris, the 15 January 2016

Mr. Roger Marshall  
Acting Chairman  
EFRAG Board  
35 Square de Meeûs  
B-1 000 Bruxelles

Re: EFRAG's 2015 proactive consultation

Dear Roger,

I am writing on behalf of the Autorité des Normes Comptables (ANC) to express our views on the EFRAG's 2015 proactive consultation. This view results from the ANC's due process, involving all interested stakeholders.

In ANC's view, performing research activities should remain a key objective in the EFRAG work program even if there are reasons of disappointment in the way IASB has taken into account the results of the EFRAG's research activities in the past. ANC suggests that EFRAG could undertake an analysis of such reasons. ANC considers that research publications are (i) one of the most efficient way of influencing the IASB's standard-setting process (ii) could be used as a driver for reaching a common vision between the different European jurisdictions with the objective of achieving "Europe speaking one voice".

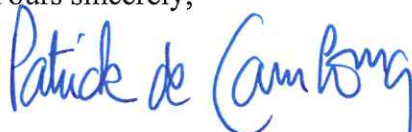
When undertaking a proactive research project, EFRAG should not only be involved in the IASB's projects, but should also carry it out in partnership with national standard setters in Europe to ensure resources are used efficiently and to promote stronger coordination at the European level. Accordingly, new research projects should be subject to EFRAG Board's approval following an « evidence-based » cost/benefits analysis.

Amongst the specific suggested proactive projects, ANC favours the three following topics: Impairment model for equity investments, Cash-flow statement for financial institutions and Transactions with governments.

In addition, ANC considers EFRAG should launch and coordinate research on: (i) the definition of European Public Good, following the issuance of the Maystadt report, (ii) the relevance and clarification of European endorsement criteria, following the issuance of the Commission's report on the 10 years of IFRS application in the EU.

If you want to further discuss, please do not hesitate to contact us.

Yours sincerely,

A handwritten signature in blue ink that reads "Patrick de Cambourg". The signature is written in a cursive style with a long, sweeping tail that extends downwards and to the right.

Patrick de CAMBOURG

## APPENDIX

### EFRAG 2015: Proactive agenda consultation

Q1 – Effectiveness of proactive work

What is your opinion on the effectiveness of the proactive work EFRAG is undertaking?

What type of EFRAG projects and output have been more useful:

- (a) Discussion Papers
- (b) Short Discussion Series Papers
- (c) Bulletins

Do you support the current mix of output? Please mention an EFRAG paper that you consider in particular useful. And also one that you consider was not so useful. Please indicate your reasoning.

How do you make the decision to comment or not to comment on an EFRAG proactive project?

In ANC's view, performing research activities should remain a key objective in the EFRAG work program even if there are reasons of disappointment in the way IASB has taken into account the results of the EFRAG's research activities in the past. ANC suggests that the EFRAG could undertake an analysis of such reasons. ANC considers that research publications are (i) one of the most efficient way of influencing the IASB standard-setting process (ii) could be used as a driver for reaching a common vision between the different European jurisdictions (Europe speaking one voice).

Although acknowledging the IASB may not have sufficiently taken into account the results of the research activities in the past (e.g. Discussion Paper on the « Disclosure Framework » (2012) jointly with the ANC and FRC, or the Research Paper on “the role of the Business model” (2013) jointly with the ANC and FRC), ANC believes that proactive research work remains useful and should be pursued in the future. With its bulletins on the conceptual framework, in partnership with European national standard-setters, EFRAG's research positively contributed to the reintroduction of principles and concepts such as prudence and stewardship and led to constructive debates beyond Europe.

Constituents consider positively EFRAG's recent work and publications. For instance:

- 1) Preparers consider the DP « Disclosure Framework » as a catalyst for reflection and dialog;
- 2) EFRAG's bulletins (notably on prudence, business model...) as well as its recent questionnaire relating to assets/liabilities in the conceptual framework are greatly appreciated. Constituents support concrete approaches that participate in reaching a better understanding of other European countries' stakes and positions.

The relatively low number of answers to EFRAG consultations may be justified by the fact that entities are over-solicited (notably in terms of new standards' developments), lack of time and resources to look at more conceptual issues with potential long term impacts. A better understanding of the final aim of each project and of the actual influence of Europe could encourage more entities to provide EFRAG with their own vision and answers.

Finally, proactive research is all the more efficient if it is concise and targeted (short discussion series papers, bulletins,...). Such research could propose “building blocks” that could be re-used by the IASB.

**Q2 – Coordination with the IASB**

How do you see the possible coordination of proactive work between EFRAG and the IASB?  
Do you think it is important that EFRAG remains an independent contributor?

EFRAG both represents the European voice and the European accounting cultures. ANC considers that if EFRAG and IASB need to join their efforts to develop new standards, EFRAG should however remain independent of the IASB in order to avoid being “under the direction of the IASB or outsourced by the IASB” “in order to enhance the IASB’s capacity”.

When leading a proactive research project, EFRAG should not only be involved in the IASB’s projects, but should also carry it out in partnership with national standard setters in Europe to ensure resources are used efficiently and to promote stronger coordination at the European level. Such a cooperation has proved to be efficient in the past (eg: Paper on Emission Trading Schemes (2012), Discussion Paper Disclosure Framework (2012), Research Paper “the role of the Business model in financial statements” (2013)).

Accordingly, ANC considers that EFRAG should:

- 1) Justify the choice of its research agenda as regards cost/benefits analyses following an « evidence-based » approach ;
- 2) Check whether similar projects already exist with other NSS or with the European Commission, and if joint projects can be developed ;
- 3) Obtain approval of the EFRAG Board before launching new research projects.

**Q3 – New EFRAG proactive projects**

Do you agree that these projects are relevant for Europe and should be undertaken? How would you see their priority?

In the table in the Appendix to this consultation, the proactive work that EFRAG has carried out or is carrying out at present is listed. There are also topics on which EFRAG has not carried out work. Do you think that EFRAG should undertake work on any of these projects?

Do you see other projects than those listed in the IASB Agenda Consultation or above that EFRAG should undertake?

Amongst the specific proactive projects, ANC favours the following:

1. Impairment model for equity investments  
The project would reconsider the issues raised in the endorsement advice on IFRS 9 as regards recycling issues;
2. Cash-flow statement for Financial institutions  
Alternative disclosures or structure of the cash flow statement should be investigated as part of the projects “disclosure initiative” and “performance measurement”, since the relevance of the current cash-flow statement for financial institutions is challenged.
3. Transactions with governments

Acknowledging the difficulties faced by preparers when accounting for transactions realised with governments, ANC believes several questions remain pending relating to issues such as the accounting for Levies and Emission Trading Schemes.

In addition, ANC considers EFRAG should launch and coordinate research on:

4. The definition of European Public Good, following the issuance of the Maystadt report,
5. The relevance and clarification of European endorsement criteria, following the issuance of the Commission report on the 10 years of IFRS application,

