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PDC N° 03

Paris, the 15 January 2016

IASB
30 Cannon Street
London EC4M 6XH
United Kingdom

Re: Request for Views: 2015 Agenda Consultation

Dear Hans,

I am writing on behalf of the Autorité des Normes Comptables (ANC) to express our views on the Request for Views – 2015 Agenda Consultation. This view results from the ANC's due process, involving all interested stakeholders.

In the last decade, the European Union has implemented a first set of IFRS, followed by a second one, resulting from the convergence process with US-GAAP. In ANC's view, it is of the utmost importance to conclude the current work plan on major standards (IFRS 4 Phase II) and on the conceptual framework (performance and primary financial statements, financial instruments with characteristics of equity). In addition, projects started in the previous consultation period should also be finalised (disclosure initiative and, to a certain extent, macro-hedging). After that, the release of IFRS standards could enter in a period of stability.

ANC believes that IFRS should remain principles-based without developing too detailed guidance, which is resource-intensive. In ANC's views this approach should rely on a strong system of quality control to ensure that standards, interpretations and amendments published are of high quality and understandable in order to reduce the need for subsequent amendments and clarifications. ANC therefore shares the EU's request for the IASB and IFRS IC to strengthen their ex-ante field testing and impact analyses. Such tools should help to better assess the real needs for amending or supplementing standards. Moreover, submissions to the IFRS IC and PIRs are important sources of input about the existence of possible application

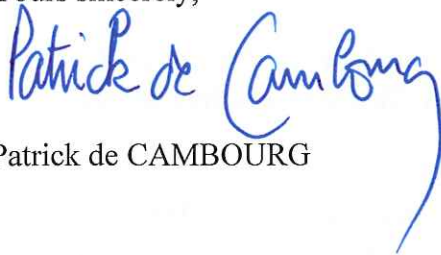
issues and should directly feed the agenda of active research or standard-setting projects. In that regard, many constituents would encourage a PIR being performed on IFRS 5.

In addition, ANC is concerned that, with the end of the convergence process, interpretations or guidance may be issued by bodies external to the IFRS sphere (such as the FASB). As a consequence, ANC would support the development of interpretations and guidance at local level, in full coordination with the IASB.

Finally, in order to limit the cost of research, to improve constituents' involvement and to foster impact analysis, ANC encourages that the IASB research projects be in priority set in synergy with regional organisations (such as EFRAG) or national standard setters. In addition to the projects mentioned above, the four following research projects have been ranked with a high level of importance or priority: improvement of the impairment test on goodwill and intangible assets, Pollutant Pricing Mechanisms, Discount rates and Business combination under common control.

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

Yours sincerely,



Patrick de CAMBOURG

APPENDIX

IASB Request for views: 2015 Agenda Consultation

Q1 – The IASB’s work plan includes five main areas of technical projects:

- its research programme;
- its Standards-level programme;
- the Conceptual Framework;
- the Disclosure Initiative; and
- maintenance and implementation projects.

What factors should the IASB consider in deciding how much of its resources should be allocated to each area listed above??

In the last decade, the European Union has implemented a first set of IFRS. As a result of the convergence process, a second set of IFRS will soon be put in place with the conceptual framework and major standards having been revised (IFRS 9, IFRS 4, IFRS 15 and IFRS 16).

Accordingly, in ANC’s view, it is of the utmost importance to conclude the current work plan (conceptual framework and IFRS 4 Phase II).

Except for standards already planned as a result of the previous agenda consultation (disclosure initiative and, to a certain extent, macro-hedging), no need has been expressed by ANC’s constituents for further IFRS standards developments. In accordance with other constituents ANC considers that the release of new IFRS standards could enter in a period of stability.

ANC believes that IFRS should remain principles-based without developing too detailed guidance, which is resource-intensive. Even if the convergence process with US-GAAP is over, ANC considers that it is important that IASB maintains a close monitoring of the maintenance and implementation projects of the FASB. ANC is concerned that interpretations or guidance may be issued by bodies external to the IFRS sphere (such as the FASB). Conversely, we believe that the primary responsibility for consistent application rests with jurisdictions, preparers, auditors and regulators. As a consequence, ANC would support the development of interpretations and guidance at local level, in full coordination with the IASB in order not to impair consistency of implementation.

New maintenance and implementation projects should only be put in place after (1) a detailed analysis of actual needs, (2) a precise scoping of the proposed solution, (3) a clear assessment of its impact and a costs/benefits analysis.

For instance, ANC supports EFRAG in its revision of the scoping of IAS 28 (equity method) proposing a “narrow-scope amendment” instead of a complete revision of the standard.

Finally, in order to limit the costs of research, to improve constituents’ involvement and to foster impact analysis, ANC encourages that the IASB research projects be in priority set in synergy with regional organisations (such as EFRAG) or national standard-setters.

Q2 – The IASB’s research programme is laid out in paragraph 32 and a further potential research topic on IFRS 5 is noted in paragraph 33.

Should the IASB:

(a) add any further projects to its research programme? Which projects, and why? Please also explain which current research projects should be given a lower priority to create the capacity for the IASB to make progress on the project(s) that you suggested adding.

(b) remove from its research programme the projects on foreign currency translation (see paragraphs 39–41) and high inflation (see paragraphs 42–43)? Why or why not?

(c) remove any other projects from its research programme?

ANC notes that the list of identified research projects lacks a global frame. ANC therefore encourages the IASB to connect the research projects to broader goals in order to provide a more consistent set of projects. This would also help the IASB justify its trade-off among priorities.

ANC supports the view that PIRs should not be limited to new standards but may also be performed on standards on which application issues have been identified, for instance through IFRS IC queries and subsequent developments. In that regard, many constituents would encourage a PIR being performed on IFRS 5. ANC would also find it useful for PIRs to not be limited to one standard but rather to address a specific cross-cutting issue in different standards, such as discount rates.

We have not identified any specific project requiring to be removed from the research programme.

Q3 – For each project on the research programme, including any new projects suggested by you in response to Question 2, please indicate its relative importance (high/ medium/low) and urgency (high/medium/low).

Please also describe the factors that led you to assign those rankings, particularly for those items you ranked as high or low.

The following projects have been ranked with a high level of priority (P) or importance (I):

- Disclosure initiative (I: high/P: high) : improvement of disclosures is expected to be lengthy (already mentioned as a priority in the previous agenda consultation);

- Performance and primary financial statements (I: high/P: high): the Conceptual framework is still lacking a performance concept from which other aspects of standard setting and financial statements would be derived such as measurement methods and the structure and content of the primary financial statements (in particular, the structure of P&L, possibly with KPIs, the distinction between P&L and OCI...);
- Goodwill and impairment (I: high/P: high): whereas focus should rather be on improving the impairment test (on goodwill and intangibles);
- Financial Instruments with characteristics of equity (I: high/P: medium);
- Pollutant Pricing Mechanisms (I: high/P: medium): ANC acknowledges that this is an important topic. ANC has already developed accounting rules which may provide the basis for an IASB research project;
- Macro-hedging (I: high/P: low): non-financial companies showed also interest in a standard ;
- Discount rates (I: high/P: low): as a cross-cutting issue between different standards, especially important in certain industries (Insurance, Financial institutions);
- Business combinations under common control (I: medium/P: high): since it is a frequent issue in the context of IPOs.

Conversely, Rate Regulated activities, Tax, Post-employment Benefits, IFRS 2 have been considered by constituents as low-ranked projects .

Q4 – Do you have any comments on the IASB’s current work plan for major projects?

N/a

Q5 – Are the IASB and the Interpretations Committee providing the right mix of implementation support to meet stakeholders’ needs and is that support sufficient (see paragraphs 19–23 and 50–53)?

ANC considers key to implement adequate processes in order to ensure standards are of high quality and understandable before their final issuance. In ANC’s views such an approach should rely on a strong system of quality control to ensure standards, interpretations and amendments published are of high quality and understandable in order to reduce the need for subsequent amendments and clarifications.

ANC therefore shares the EU’s request for the IASB and IFRS IC to strengthen their ex-ante field testing and impact analyses. Such tools should help to better assess the real needs for amending or supplementing standards. It would also provide input for cost-benefits analysis in order to assess how the standard setting process actually meets the public interest criteria.

In addition and before final issuance of a new standard a clearly stated “fatal flaw” review process should be set-up with all stakeholders being circulated for comment. Such process would complement the more theoretical impact analyses and field test previously performed and evidence interpretation issues that preparers or users may identify.

Given the large publication and usage of IASB's standards in English, using simple and intelligible words would improve the quality and reduce interpretations. For example a recent study of the KASB has listed at least 30 different terms, used in IFRS, which relate to a level of probability of a transaction or event occurring (such as reasonably possible, probable and virtually certain).

Q6 – Does the IASB's work plan as a whole deliver change at the right pace and at a level of detail that is appropriate to principle-based standard-setting? Why or why not?

Submissions to the IFRS IC and PIRs are important sources of input about the existence of possible application issues. These sources should directly feed the agenda of active research or standard-setting projects, instead of being the early starting point of a research projects in assessment phase (such as the project related to the "definition of a business" resulting from the PIR of IFRS 3).

ANC is also concerned that a long-term research project should not delay a short term answer on specific topics (such as experienced regarding commodity hedging which was deferred to the IFRS 9 project). More generally, we encourage the IASB to review its process and effectiveness in order to provide more focused and quicker development of standards. ANC is of the view that a broader cooperation with regional or national standard-setters would help in identifying and testing new solutions.

See also Q1.

Q7 – Do you have any other comments on the IASB's work plan?

N/A

Q8 – Because of the time needed to complete individual major projects, the IASB proposes that a five year interval between Agenda Consultations is more appropriate than the three year interval currently required. Do you agree? Why or why not? If not, what interval do you suggest? Why?

ANC believes that the IASB should continue with a tri-annual agenda consultation cycle since in practice, there are almost five years between the launch of consecutive agenda consultations.

However this time frame should not prevent the IASB from tackling additional consultations on emerging urgent issues, even when these were not identified through the agenda consultation.