

EFRAG  
35 Square de Meeûs  
B-1000 Brussels  
Belgium

Oslo, June 25<sup>th</sup>, 2013

Dear Sir/Madam

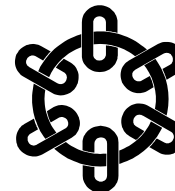
## **EFRAG consultation: Is there a need for specific financial reporting for long-term investing activities business models?**

The Technical Committee of the Norwegian Accounting Standards Board (the NASB) has discussed the content of EFRAG's public consultation "Is there a need for specific financial reporting for long-term activities business models?" as well as that of the EU Commission green paper "Long-term financing of the European economy". Although the former refer to the latter, we see the two documents as largely independent. The green paper points to the significance of accounting, but it is not quite clear whether it is concerned about the accounting of long-term financial providers or that of long-term financial debtors (i.e. those investing in real economy projects). The EFRAG consultation paper, on the other hand, is clearly discussing the accounting of financial providers.

The NASB is not going to send a comment letter to the commission on the green paper. Accounting is a rather peripheral topic in it, and it contains no specific proposal that we need to address. Generally we agree with the Commission that one should keep an eye on possible real effects of accounting practices, but we are not convinced that the examples used in the paper (e.g. about institutional investors shifting from equity to fixed-income investments) are about fair value accounting consequences.

The EFRAG consultation paper raises the question whether long-term investing activities is a business model that merits its own accounting principles. Given the nature of the questions to respondents, the paper seems to be directed at providers of long-term finance, so the NASB falls outside the scope of who are actually addressed.

We will nevertheless share with you our first reaction that the designation of a specific business model for providers of long-term finance seems to us somewhat premature. EFRAG together with the UK and French standard setters has initiated a project on the role of business models in financial reporting, and in our view it would have been natural to await the outcome of that project before making specific proposals about it. In the current situation the business model is a rather undefined concept, and we are uncertain about to what extent the business



model idea shall permeate financial reporting. This is also a question that hopefully will be treated in the IFRS conceptual framework project.

Please do not hesitate to contact us if you would like to discuss any specific issues addressed in our response, or related issues, further.

Yours faithfully,  
**Norsk RegnskapsStiftelse**

Erlend Kvaal  
Chairman of the Technical Committee on IFRS of Norsk RegnskapsStiftelse