

EFRAG – European Financial Reporting Advisory Group
35 Square de Meeûs
B-1000 Brussels
Belgium
Att.: Mr. Jean-Paul Gauzes, Board President

By e-mail: Commentletters@efrag.org

3 December 2018

Dear Jean-Paul,

**EFRAG Draft Comment Letter on the IASB’s Discussion Paper DP/2018/1
Financial Instruments with Characteristics of Equity**

The Danish Accounting Standards Committee set up by FSR – danske revisorer (DASC) has considered this issue during recent meetings. In addition, we hosted a joint outreach in Copenhagen on 23 November 2018 in conjunction with the Confederation of Danish Industry (DI), EFRAG and IASB.

EFRAG’s Draft Comment Letter is comprehensive as is the DP itself. DASC agrees with the comments and concerns raised by EFRAG.

We acknowledge the IASB’s attempt to work on challenges arising with IAS 32 and appreciate the IASB’s efforts to address the challenges. However, like EFRAG we are concerned what the use of new terminology may result in once companies start analysing the potential impact. In addition, we share the concern that there is no real cost-benefit trade-off of implementing a new approach if it results in virtually the same outcome as under the current IAS 32.

DASC welcomes the considerations made by the IASB about separate presentation in the statement of financial position and statement of financial performance (both in Comprehensive Income and in Other Comprehensive Income) of movements in the instruments considered.

We support the IASB’s thinking when they consider presenting liabilities in order of priority within subtotals.

We are also positive towards considering the attribution of equity with effect for OCI and equity presentation. We believe such information is more relevant in the primary statements rather than just a note disclosure, and we find it refreshing that IASB explores further elaboration and information in the primary financial statements in this area. DASC would encourage EFRAG to support such development even though it is clearly experimental thinking at this stage.

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Should you have any questions, please do not hesitate to contact Jan Peter Larsen, e-mail: janlarsen@deloitte.dk.

Kind regards

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