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Our ref : RJ-EFRAG 562-F  
Direct dial : (+31) 20 301 0391  
Date : Amsterdam, 25 November 2015  
Re : DCL Exposure Draft 2015/3 Conceptual Framework for Financial Reporting

Dear members of EFRAG,

The Dutch Accounting Standards Board (DASB) appreciates the opportunity to respond to your draft comment letter on the Exposure Draft 2015/3 Conceptual Framework for Financial Reporting (the 'ED').

In general, we much support the work EFRAG has done regarding the review of the Conceptual Framework, including several publications made on this topic which have been very helpful in this respect. We have also discussed several topics of the Conceptual Framework in an outreach/roundtable organized by IASB, EFRAG and DASB in Amsterdam on 5 October 2015, in which some 40 people participated. Furthermore, the DASB has discussed this ED in several meetings.

We believe that the Conceptual Framework cannot be finalised properly without addressing a conceptual foundation for performance reporting, including what should be reported in profit or loss and when. In our opinion the definition of performance should be the starting point, and the definitions of assets and liabilities should be derived from it. In the current ED the opposite approach seems to be followed, whereas income is defined as the residual of changes in the measurement of assets and liabilities. We also refer to our comment letter on the EFRAG bulletin 'Getting a better framework: Profit or Loss versus OCI', which is attached as appendix.

As performance reporting may have an impact on the other aspects of the ED and the impact of the current proposed changes to the Conceptual Framework is not clear to us, we cannot concur with the proposals in the ED. We believe a re-exposure of the ED is necessary including the concepts for performance reporting.

Furthermore, we would like to emphasize our concern with regard to the function of the Conceptual Framework in standard setting. Compared to the existing Conceptual Framework, the ED provides more detailed guidance. We would suggest to clearly define the role and function of the Conceptual Framework as a high level principle based framework or a more detailed prescription. We believe the Conceptual Framework is meant as a high level principle based framework. If it is the intention of the IASB to shift the role of the Conceptual Framework to a more detailed instrument, we would expect the IASB to identify the consequences for this more detailed guidance on current standards and future standard setting.

In order to substantiate the role of the Conceptual Framework we would expect that considerations about new or amended standards, being developed within the context of the revised Conceptual Framework, will be explained in the basis for conclusions of that particular standard (dealing with how the standards fit within the concepts of the Conceptual Framework or not). This basic premise seems not to be part of the current ED.

We therefor ask the IASB to come with a revised overall framework in which the gaps around performance reporting are addressed and the role of the Conceptual Framework is clearly defined and explained, including expected changes to existing standards as a result of the changed Conceptual Framework.

*Other remarks*

The DASB largely concurs with the other remarks in the draft comment letter of EFRAG, and we therefor decided to add your draft comment letter as an appendix to our comment to the IASB. We would like to emphasize the following topics in the draft comment letter and provide you with our point of view on these topics.

We believe stewardship should be included as a primary objective for financial reporting for the following reasons. In our view providing information that is useful for assessing stewardship is as important as providing information to assess the prospects for future net cash inflows to an entity.

Although we agree with the IASB that there may be overlap in both objectives, we believe that the assessment of management's stewardship could require other information than is needed for assessing prospects for future net cash inflows. We also believe that information for assessing management's stewardship is useful to other users and/or types of decisions as mentioned in §1.2 of the Conceptual Framework. Defining stewardship as a separate primary objective would safeguard its role for instances where standard setting would be different for both mentioned objectives. Furthermore, we believe that the Conceptual Framework should contain more guidance on how to take the stewardship objective into account when amending current standards or developing new standards and interpretations.

We agree that prudence should be a part of the Conceptual Framework. We consider the approach proposed in the ED an acceptable one for future standard setting. The impact of prudence should be considered on a standard level. We concur with the assumption that due to the continuing application of this approach, no changes in current standards and interpretations will be required, meaning that in the future asymmetric prudence will still exist on a standards level.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Sampers', with a long horizontal line extending to the right.

prof. dr. Peter Sampers  
Chairman Dutch Accounting Standards Board

Appendix:

DASB comment letter on the bulletin 'Getting a better framework: Profit or Loss versus OCI'.

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**Our ref :** RJ-EFRAG 562 H  
**Direct dial :** 0031-20-3010235  
**Date :** Amsterdam, 25 November 2015  
**Re :** Bulletin 'Getting a better framework: Profit or Loss versus OCI'

Dear members of EFRAG,

The Dutch Accounting Standards Board (DASB) appreciates the opportunity to respond to your bulletin 'Getting a better framework: Profit or Loss versus OCI'.

The topic reporting on (financial) performance has been subject to discussions for over some time now. In the past, several times it was concluded that more research should be done on this matter before being able to draw conclusions about it and develop further guidance. We therefore very much welcome EFRAG's bulletin 'Getting a better framework: Profit or Loss versus OCI' which in our view can be seen as a starting point to assist the IASB in developing concrete guidance about reporting on (financial) performance.

*Questions 1, 3 & 4: Different measurement bases, OCI & Recycling*

The objective of financial reporting is to provide decision usefulness information for certain stakeholders of the entity. We believe that including the business model concept in financial reporting will generally result in more useful information that represents faithfully the economic reality. We therefore believe that the selection of measurement bases for the statement of financial position and the statement of profit or loss may be driven by the entity's business model. We agree with EFRAG that for the selection of the measurement basis the statement of profit or loss should be the starting point.

We concur with EFRAG that differences resulting from applying different measurement bases should be accounted for in OCI. For amounts included in OCI to be useful information for users of financial statements, these users must be able to understand what OCI represents. We therefore stress the importance of adequate and understandable disclosures of the nature, composition and extent of the amounts included in OCI, including expected timing of recycling from OCI to the statement of profit or loss. We do believe however that the benefit of the current OCI-model is that it can only be used in limited circumstances. We would not advocate a model in which OCI can be used for any measurement difference.

*Questions 2 & 5: Considering the business model & Current value measurements in the statement of financial position*

We concur with the business models identified. In our view the number of different business models should be limited and clearly distinct in order to enhance the understandability of financial reporting and should be applied consistently for comparison reasons. The application of the business model concept may increase the comparability of financial information of companies with the same business models.

The examples of the impact of certain business models on current standards in this bulletin are based on an entity having just one business model. In practice, we believe that entities exist that are likely to have several business models. We do not advocate to increase the number of business model or create mixed models, but to apply the business model concept as an instrument to define performance reporting and related measurement bases.

We do not believe that the use of current value measurements other than required today must be increased in principle. In our view, the business model applied should drive the measurement basis. Therefore increasing the use of current value measurements should only take place when, based on further research, it is concluded that for certain business models more usage of current value measurements is necessary to provide (more) decision usefulness information.

*Dissenting opinion Martijn Bos*

Board member Martijn Bos prefers the existing generic reference to the relevance of ‘business activities’ in BC6.51 for setting standards. He believes there is more merit in drafting Standards that are based on business activities of which the nature can be distinguished by a matter of fact. This is in contrast with EFRAG’s suggestion to give a more prominent role for ‘business models’ in standard setting as he believes this is likely to result in more arbitrary judgments and less comparable reporting.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Sampers', with a long horizontal line extending to the right.

prof. dr. Peter Sampers  
Chairman Dutch Accounting Standards Board