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Françoise Flores
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Dear Ms Flores

Response to draft comment letter on IASB Agenda Consultation 2011

Barclays is a UK-based financial services group, with a large international presence in Europe, the USA, Africa and Asia. It is engaged primarily in banking, investment banking and investment management. In terms of market capitalisation, Barclays is one of the largest financial services companies in the world. Barclays has been involved in banking for over 300 years and operates in over 50 countries with approximately 150,000 employees.

We welcome the opportunity to respond to the EFRAG draft comment letter on the International Accounting Standards Board (IASB or Board) Agenda Consultation 2011. Our general comments on the draft comment letter are set out in the paragraphs below and our responses to the detailed questions are in the Appendix.

We are supportive of the IASB's efforts to seek input on the broad strategic direction of its work for the next three years.

We believe the IASB should primarily focus on completing the major projects in its current work plan; namely, Financial Instruments, Revenue Recognition, Leases and Insurance Contracts. Under the Financial Instruments project, the delivery of high quality standards for Impairment and Hedge Accounting should be a key priority. We note that EFRAG has not commented on current projects but, for Barclays and other preparers, it is vital that we have certainty around the timing of completion of these critical projects for appropriate implementation planning.

Following the wholesale changes that have been and will be introduced following the completion of the financial crisis and convergence projects between now and 2016, users of IFRS financial statements will need time to adapt to what will be a substantially new financial reporting landscape. Inevitably, interpretation and application issues will arise from the new requirements that will need to be resolved. The near to medium-term work plan therefore should be designed to avoid substantial changes to IFRSs for a period of between three to five years following 2015-16. Given these and other pre-existing commitments, including post implementation reviews, which will absorb nearly all of the Board's time in the next three years, there is limited scope to shape the near term agenda. However, it is a good time to formulate the medium to longer term agenda.

In the Agenda Consultation, the main categories of work identified are developing financial reporting and maintaining existing IFRSs, which we consider to be the right emphasis. However, the IASB's agenda should be designed to ensure that its literature does not multiply at the expense of the principles-based approach. Placing more emphasis on research in the shorter-term to determine future areas of focus for major projects will mean that the Board will publish less than has been the case in the recent past; such an 'evidence-based' approach to determining future areas of major focus is, in our view, essential to maintaining the high quality of IFRSs. It will also provide objective evidence to the Board as to how to best focus its constrained resources to maximise the possibility of seeing a major project to completion.


This approach reflects the fact that many of the major areas that the Board could focus on have in the past proved intractable. To ensure that the efforts of the Board, and that of its constituents, are maximised, the Board should only undertake major projects that address a demonstrable need, and for which the Board has identified a possible solution that has a reasonable chance of resulting in a standard being issued. That is, the Board should set itself a high threshold before undertaking any major project.

Aside from the short-term research focus into possible future major projects, the Board should continue to progress the Conceptual Framework project, and also undertake an assessment of whether a 'codification' project for existing disclosure requirements (a review of all existing disclosures across all standards, and elimination of unnecessary or overlapping disclosures) would be beneficial. This could be an interim objective within a broader conceptually based project to create a disclosure framework. The Conceptual Framework project is important to ensuring a sound foundation for IFRSs over time, especially as the composition of the Board changes. A possible disclosure project has also been widely discussed, both by the Board and by others and the Board should, as soon as its current work plan permits, assess the possible scope of this, including its interaction with the project currently being undertaken by the US Financial Accounting Standards Board (FASB).

We recognise the importance of the work that has been done in the past three years to achieve convergence between IFRS and US GAAP. As a global bank with significant operations in the US convergence is of great importance to Barclays. However, convergence should no longer be an objective in its own right. Going forward, the agenda should be primarily determined by the needs identified in jurisdictions that apply IFRSs, which will potentially include the US.

We trust that EFRAG will find our comments useful. If you would like to discuss our response in more detail, please contact Gavin Francis (gavin.francis@barclays.com) or me at 1 Churchill Place London E14 5HP.

Yours sincerely

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

John Worth
Group Financial Controller
Barclays PLC

Appendix 1 – Detailed questions

Question to constituents

Do you agree with EFRAC's preliminary main messages? If not, what messages should be included in our final comment letter?

We agree with EFRAC's views around the need for a 'period of calm', an evidence based approach, an enhanced conceptual framework, and the need to limit the number of projects to be included on the IASB agenda considering the limited resources and the time available. We also believe that even though convergence is important, it should no longer be an objective in its own right, but going forward, the agenda should be evidence based.

However, we also believe that in the next three years the IASB should primarily focus on completing the major projects in its current work plan; namely, Financial Instruments, Revenue Recognition, Leases and Insurance Contracts. Under the Financial Instruments project, the delivery of high quality standards for Impairment and Hedge Accounting should be a key priority. We note that EFRAC has not commented on current projects but, for Barclays and other preparers, it is vital that we have certainty around the timing of completion of these critical projects for appropriate implementation planning.

We agree with the two main categories identified, namely:

- A. Developing financial reporting
- B. Maintaining existing IFRSs

The IASB's agenda should be designed to ensure that its literature does not multiply at the expense of the principles-based approach. Placing more emphasis on research in the shorter-term to determine future areas of focus for possible future major projects will mean that the Board will publish less than has been the case in the recent past; however, such an 'evidence-based' approach to determining future areas of major focus is, in our view, essential to maintaining the high quality of IFRSs. It will also provide objective evidence to the Board as to how to best focus its constrained resources to maximise the possibility of seeing a major project to completion.

In addition, it is inevitable that the Board will need to address narrow interpretation issues raised by the new standards. The IFRS Interpretations Committee has a vital role to play in addressing implementation issues and should take on more topics to help address urgent issues more quickly leaving the Board free to invest more time in standards level projects.

Question to constituents

Do you think EFRAC should suggest some additional projects?

(a) If so what projects?

(b) Should EFRAC recommend as agenda items its proactive projects on business combinations under common control, income tax and disclosure framework (discussion papers are to be expected in Q3 and Q4)?

We believe that the focus of the IASB in the next three years should be on completing the major projects in the current work plan; namely Financial Instruments, Revenue Recognition, Leases and Insurance Contracts. Under the Financial Instruments project, the delivery of high quality standards for Impairment and Hedge Accounting should be a key priority.

Given that these major projects and other commitments that the Board already has (such as post-implementation reviews) will absorb much of the next three years, there is limited ability to shape the near term agenda. Nevertheless, we agree that now is a good time to formulate the medium to longer term agenda.

As noted above, following completion of the existing major projects we believe the Board should undertake a number of short-term research projects to determine the future major projects that the Board should undertake. Therefore we do not think EFRAG should suggest additional projects to the IASB, or recommend its proactive projects on business combinations under common control, income tax and disclosure framework.