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Le Président
JH
n°155

Paris, le 21 Octobre 2011

Madame Nadia CALVINO
Directeur Général Adjoint
Commission Européenne -Marché Intérieur et Services
- DG MARKT-

SPA2 - Pavillon - 2 rue de Spa
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Objet : Exposé-sondage de l'IASB ED/2011/2 relatif aux améliorations annuelles des IFRS

Madame,

Je souhaite porter à votre attention certaines des propositions de l'IASB incluses dans son exposé-sondage ED/2011/2 relatif aux améliorations annuelles.

Ce projet propose de remplacer, dans la norme IAS 1 relative à la présentation des états financiers, les paragraphes traitant des « objectifs des états financiers » par « les objectifs du *reporting* financier ».

Cette proposition introduit dans les normes comptables internationales (IAS/IFRS) les notions d'information financière (*financial reporting*) et de rapport financier (*financial report*). Ces notions correspondent à des éléments d'information plus étendus que les seuls états financiers¹ visés par le Règlement 1606/2002 relatif à l'application des IFRS en Europe. Elles recouvrent notamment les informations habituellement comprises dans le rapport de gestion, alors que ces informations sont déjà traitées dans les Directives comptables n°83/349 et 78/660.

Une telle modification des IAS/IFRS ne peut selon nous être adoptée au regard du Règlement 1606/2002. Insérer la définition des « objectifs du reporting financier » dans les textes législatifs européens ne peut être effectué qu'au terme d'une procédure appropriée différente du processus d'adoption des normes IFRS, incluant notamment le Conseil et le Parlement européen.

De plus, cette proposition conduit à des problèmes de cohérence avec les autres textes européens actuellement en vigueur. A titre d'exemple, le terme « rapport financier annuel » est défini séparément dans plusieurs directives européennes.

¹ Le Règlement 1606/2002 et les Directives comptables (83/349 et 78/660) font référence à la notion de « comptes » annuels ou consolidés, correspondant à la notion d' « états financiers » des IAS/IFRS.

A noter qu'en l'état actuel des IAS/IFRS, la modification proposée ne nous semble en aucun cas nécessaire. Vous trouvez l'exposé des motifs de fond dans la lettre ci-jointe.

Au-delà des problèmes relatifs à cette seule proposition et des risques juridiques y afférents, nous sommes préoccupés par la volonté affichée de l'IASB d'intervenir dans des champs pour lesquels l'Europe ne lui a pas confié de compétence dans le cadre européen. Le prétexte suivant lequel l'IASB travaillerait pour d'autres pays qui auraient besoin de ce type de normes n'est pas recevable : cette demande n'est pas avérée ; elle n'est pas prioritaire au regard de la quantité de purs problèmes comptables restant à résoudre.

Nous restons à votre disposition pour vous apporter tout complément d'information que vous jugeriez utile.

*Je suis tout de suite à vous
en parler plus précisément*

Le Président de l'ANC,



Jérôme HAAS

PJ : Lettre de commentaires de l'ANC adressée à l'IASB – ED/2011/2



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RÉPUBLIQUE FRANÇAISE



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Chairman

JH

n°157

Paris, the 21st October 2011

Hans HOOGERVORST

Chairman

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UNITED KINGDOM

Re : IASB ED /2011/2 Improvements to IFRSs

Dear Sir,

I am writing on behalf of the Autorité des Normes Comptables (ANC) to express our views on the proposed improvements to IFRSs included in the IASB exposure-draft ED/2011/2.

The Autorité des Normes Comptables (ANC) approves the IASB's initiative of issuing each year an Exposure Draft of proposed minor changes to existing IFRSs in order to enhance the quality of the standards. Nevertheless, the ANC has concerns regarding some amendments which are hereafter commented upon.

Improvements to IAS 1, *Presentation of Financial statements*

The ANC has strong concerns regarding the replacement of the objective of financial statements by the objective of financial reporting. Moreover, the ANC thinks that such major changes cannot be addressed through the annual improvements process. Our main areas of disagreement are as follows:

On the substance of the proposed amendments to replace “objective of financial statements” by “objective of financial reporting”

The ED 2011/2, Improvements to IFRS proposes to replace paragraphs dealing with the “purpose of financial statements” as stated in current IAS 1, *Presentation of financial statements* by paragraphs dealing with the “purpose of financial reporting” as stated in the *revised Conceptual Framework*.

Such change would result in the disappearance of fundamental concepts currently included in IAS 1. The definition of the purpose of financial statements in the IFRSs would disappear whereas all standards are supposed to deal with items included in the financial statements. Moreover, the proposed changes imply the disappearance of the notion of “financial performance” as a central part of financial statements, whereas the Trustees acknowledge in their 2011 Strategy review¹ its prominent role and *IAS 1 Staff Exposure draft*² published in July 2010 still referred to it. It also entails the removal of the reference to stewardship while even the *revised Conceptual Framework* acknowledges that decision-useful information includes information needed to assess stewardship³.

Furthermore, whereas I am fully aware that the wording is derived from the *revised Conceptual Framework*, I wish to express major concerns on the objective of financial reporting as stated in the proposed amendments:

- Management needs for financial information are ignored whereas financial information should be a major tool for monitoring the business and communicating to shareholders.
- The focus is on providing information about the entity’s economic resources and claims, which is at odds with the needs of users of financial reports, who essentially want to understand the business and performance of the entity.
- Stewardship should also be included as one of the main objectives of financial reporting.

In other words, the exclusive focus put on financialisation has gone too far and has led to insufficient attention given to the reliability of accounts as a fair representation of the business.

The proposals also introduce in the standards some wider ill-defined concepts. Indeed, the proposed amendments introduce the terms of “financial reporting” and “financial reports” that are broader than financial statements, as they include for example the Management commentary report⁴. Moreover, these new terms remain undefined as the IASB is supposed to set the boundaries of financial reporting in Phase E of the Conceptual Framework project that has not yet started. A standard referring to an ill-defined concept could therefore lead to misinterpretation and controversy.

Practically, as the IASB’s remit in Europe is on financial statements only, the insertion of the wider concepts of “financial report” and “financial reporting” in the international accounting standards would entail some legal implications. The consistency with other European regulations would have also to be reviewed as, for example, the “annual financial report” is already well defined in the Transparency Directive⁵.

¹ “A1. In carrying out the IFRS Foundation’s mission as the standard-setting body, the IASB should develop financial reporting standards that provide a faithful presentation of an entity’s financial position and performance.”, *IFRSs as the global standard : Setting a strategy for the Foundation’s second decade, Report of the IFRS Foundation Trustees’ Strategy Review*, April 2011.

² “Financial statements are a structured representation of the financial position and financial performance of an entity.”, *Staff Draft of IAS 1 Exposure draft*, paragraph 8, July 2010.

³ See also Basis for conclusions BC1.28 of the revised Conceptual Framework “ The Board decided not to use the term stewardship in the chapter because there would be difficulties in translating it into other languages. Instead, the Board described what stewardship encapsulates. Accordingly, the objective of financial reporting acknowledges that users make resource allocation decisions as well as decisions as to whether management has made efficient and effective use of the resources provided.”

⁴ See IN4 « management commentary lies within the boundaries of financial reporting », *Management commentary practice statement*, IASB, December 2010.

⁵ “The annual financial report shall comprise (a) the audited financial statements; (b) the management report; and (c) statements made by the persons responsible within the issuer (...)”, *Directive 2004/109/EC*, Article 4

According to the Board, in the basis for conclusion of the Exposure draft, the changes would avoid confusion and translation difficulties for the same concepts. Nevertheless, for the reasons listed above, we do not think that “purpose of financial statements” and “objective of financial reporting” embrace the same concepts. Moreover regarding translation matters, we expect more difficulties for “financial reporting” and “financial report” than with “financial statements”.

Finally, although financial reporting and financial statements are not the same, we do not see any contradiction between the current objective of financial statements in IAS 1 and that of financial reporting as per the recently published conceptual framework and therefore consider that the change proposed is not warranted.

On the decision to include such amendments as part of the annual improvement process

For the reasons above, it is our view that the nature of the proposed amendments in order to replace “objective of financial statements” by “objective of financial reporting” in IAS 1 does not enhance the quality of the standard and therefore is not consistent with the limited objective assigned to the annual improvements process. This is confirmed by our analysis provided hereafter of the proposed amendments against the enhanced criteria for the Board's annual improvements process that were approved by the Trustees in February 2011.

The proposed changes do not clarify unclear wording in existing IFRSs, nor do they provide guidance. On the contrary, they introduce new concepts (i.e. “financial report” and “financial reporting”) that are not well defined in IFRS and remove some others (i.e. purpose of financial statements, reference to performance and stewardship).

The proposed changes do not correct conflicts or oversight between existing requirements of IFRSs. Firstly because the revised Conceptual Framework is not an IFRS. Secondly, as previously mentioned, because the purpose of financial statements as currently stated in IAS 1 does not conflict with the objective of financial reporting as stated in the revised Conceptual Framework, considering financial statements as a part of financial reporting.

We do not think that the proposed amendments are well-defined as the concepts of financial report and financial reporting remain at this stage undefined in the Conceptual Framework. Defining such concepts will necessarily involve a lot of debate and time.

Lastly, as regards to the fourth of the Trustees' criteria, we think that there is no need to make an amendment faster than amending IAS 1 via the Financial Statement Presentation project.

Moreover, given the nature of the amendments proposed, it would have been more appropriate to follow the standard due process, for example by indentifying these consequential amendments as part of the conceptual framework's consultation documents, than to attempt such change through the simplified annual improvements process.

Improvements to IAS 32

Whilst the ANC agrees that income tax effects should be dealt with in IAS 12, and therefore agrees with the proposed amendment, the ANC is concerned that this amendment does not solve the inconsistency as regards the income tax effects of dividend distributions that exists within IAS 12.

Indeed, IAS 12. 52B indicates that the income tax consequences of dividends are recognised in profit or loss whereas IAS 12. 58(a) could be understood to mean that the income tax effects arising from transactions or events which are recognised outside profit or loss, which a dividend distribution would be considered to be, should be recognised outside profit or loss. It would therefore be useful for the IASB to clarify its intention on this subject.

Improvements to IFRS 1

Without disagreeing with the proposed improvements, the ANC is concerned that 'improvements' are regularly made to IFRS 1, with the effect that the standard may become more complex to apply. Without questioning the appropriateness of the requests made by new-adopting jurisdictions, the ANC wonders whether IFRS 1 would be in need for a re-think to avoid having to perpetually add changes to it.

We hope you find these comments useful and would be pleased to provide any further information you might require.

Yours sincerely,



Jérôme Haas