# CNCC

# ORDRE DES EXPERTS-COMPTABLES

25<sup>th</sup> September 2008

Mr Göran Tidström

Chairman
Supervisory Board
EFRAG
13-14 Avenue des Arts
B-1210 BRUXELLES

Email: info@efrag.org

Dear Mr Tidström,

**Re: EFRAG proposals for public consultation: "Strengthening the European contribution to the international standard-setting process":**
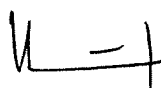
1. The CNCC (Compagnie Nationale des Commissaires aux Comptes, the French Body of statutory auditors) and the CSOEC (Conseil Supérieur de l'Ordre des Experts-comptables, the French Institute of chartered accountants) welcome the publication of the EFRAG public consultation document: "Strengthening the European contribution to the international standard-setting process" and are pleased to have the opportunity to present their views on the EFRAG proposals.

2. The CNCC and the CSOEC fully support the project to enhance and strengthen EFRAG operational structure, resources and governance. We think that this is crucial given the growing implication of significant countries adopting IFRS or in the process of adopting IFRS that EFRAG be enabled to have an input into the work of the IASB in the early stages preceding the publication of a discussion paper as well as throughout the development of a new standard, in order to contribute, as a collective voice for Europe, to the development of principles-based standards.

3. In addition we welcome the proposed revised structure of EFRAG with a more balanced participation of all stakeholders and an increased involvement of the National Standard Setters, particularly through the Planning and Resource Committee, providing a greater accountability to the EU organisations.
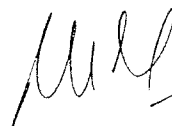
4. We fully agree with the need for increased pro-active work in order to contribute at an early stage or even before an issue is brought to the IASB's agenda. This could be achieved through a coordination of work between IASB and EFRAG, that would determine the projects of interests for IASB (for example: the project on "lease"), that EFRAG could develop in order to avoid developing work that will not be taken properly into account by IASB. We think that EFRAG itself, and not individual National Standard Setters within EFRAG, should lead the projects that are common European projects. The work of EFRAG should be recognised at the IASB level.

5. Regarding the composition of the Supervisory Board we would have favoured an enhanced equilibrium between the constituents with 4 accountants instead of 3. Similarly we are of the opinion that the composition of the Planning and Resource Committee (PRC) would benefit from an increased representation of users, even part-time members, and accountants to achieve a more balanced representation of backgrounds.

6. In order to achieve the goal set out in the proposals, we will support that EFRAG benefits from additional resources of high quality and which should be recognised as experts representing preparers, accountants and other users.

7. We notice in the proposals that the EC commits itself to finance up to 50% the future budget of EFRAG. We also note that the National Funding Mechanisms (NFM) should contribute for an important part. We emphasise the need to obtain strong assurance that the NFM will be able to fulfil their commitment in order to achieve successfully the reform of EFRAG. Indeed currently only few Member States contribute to the financing of EFRAG. The system of NFM, though functioning on a voluntary basis, should be spread evenly over the Member States and involve all Member States. Consequently we wish to underline that the 2009 funding is critical, in particular the contribution of the NFM. However in order to be successful, EFRAG needs adequate funding to be available within the time frame indicated. We urge the EC to encourage the creation of NFM in Member States where such bodies are not in place yet.

We would be pleased to discuss with you any aspect of this letter that you may wish to raise with us.

Yours sincerely,

Vincent BAILLOT
President of the CNCC

Jean-Pierre ALIX
President of the CSOEC