



**The Instituto de Contabilidad y Auditoría de Cuentas (ICAC) comments on the IASB's Agenda Consultation 2011**

Please find below ICAC our comments to the questions raised by the IASB in relation to the Agenda Consultation 2011.

**Question 1**

**What do you think should be the IASB's strategic priorities, and how should it balance them over the next three years?**

First of all we agree with the three key aspects that should be reflected in the strategic approach towards a future agenda, i.e a more diverse IFRS community, a more complex market environment and a number of changes that require implementation.

It is necessary to take into account that the strategic priorities should combine both a deep review of the Conceptual framework in order to achieve a stable platform, and the suitable mechanisms for giving response to the complexity reality and current changes

**Question 1(a)**

**Do you agree with the two categories we identified and the five strategic areas within them? If you disagree, how do you think the IASB should develop its agenda, and why?**

**Question 1(b)**

**How would you balance the two categories and five strategic areas? If you have identified other areas for the IASB's agenda, please include these in your answer.**



We agree with the two categories identified i.e developing financial reporting and maintaining existing IFRSs, although we believe that they must be interrelated, in other words, the outputs from one strategic area must be the inputs for the another. From this view, we identify two strategic areas:

1. Strategic area number one: Analysis of the reality and results of the implementation of IFRSs.
2. Strategic area number two: Development financial reporting standards.

The output of the first strategic area would be the evidence necessary to decide whether one project must be added or not to the agenda, giving the criteria set out in the handbook of the IASB.

1, Strategic area number one: Analysis of the reality and results of the implementation of IFRSs.

This analysis should allow to obtain useful information of the “real effects” of implementing standards, to see the need of changing or amending them and to draw a comparison of the current standards and the proposed ones.

In this sense, the development of a new standard, as well as the review of a preexisting one (strategic area number two), must be linked to the conclusions reached on the analysis developed in strategic area number one.

2. Strategic area number two: Development financial reporting standards.

The standards should require high quality, transparent and comparable information in financial statements and other financial reporting to help investors, other participants in the world’s capital markets and other users of financial information make economic decisions. In fulfilling this objective the needs of a range of sizes and types of entities in diverse economic settings, must be taken into account.



It is important to focus on the conceptual framework project to achieve a very stable platform and avoid contradictions that may exist between IFRS and the framework.

Additionally, we believe it is fundamental not only to develop financial reporting standards, but also to have a mechanism that helps the implementation process, in order to provide guidance and also a guarantee that the standards are applied consistently and in a harmonized way in all jurisdictions. Not having such mechanisms may force jurisdictions to have their own interpretation criteria or guidelines, which may be different from jurisdiction to jurisdiction, leading to different IFRS implementation. In case of needing a more complex response, the solutions must be given by the IFRS Interpretations Committee.

**Question 2:**

**What do you see as the most pressing financial reporting needs for standard-setting action from the IASB?**

**Question 2(a)**

**Considering the various constraints, to which projects should the IASB give priority, and why? Where possible, please explain whether you think that a comprehensive project is needed or whether a narrow, targeted improvement would suffice?**

**Question 2(b)**

**Adding new projects to the IASB's agenda will require the balancing of agenda priorities with the resources available. Which of the projects previously added to the IASB's agenda but deferred (see table page 14) would you remove from the agenda in order to make room for new projects, and why? Which of the projects previously added to the IASB's agenda but deferred do you think**



**should be reactivated, and why? Please link your answer to your answer to question 2(a).**

We believe the projects the IASB should give priority to is , a part from the review of the Conceptual Framework, Business Combinations under Common Control as many of them take place and a standard is needed .

The number of jurisdictions where IFRSs apply to consolidated financial statements is growing. Additionally certain countries like Spain, have modified the local accounting standards that apply to individual financial statements, taking IFRS as a reference, in order to avoid the application of different criteria to individual and consolidated financial statements. Bearing this in mind and also the need of armonization, it is necessary to have an international criteria that allows countries to have similar local standards in relation to business combinations under common control.

Finally we also believe that the IASB should give priority to Liabilities-ammendments to IAS 37, as it is a project that started long time ago and it would be advisable to have the final solution.

Madrid, 22 November 2011

Yours faithfully,

José Antonio Gonzalo Agulo

Chairman of ICAC