

## 2. General information about the respondent

### 1. Please tell us:

#### Your name:

Paul Thompson

#### Email address:

paul.thompson@efaa.com

#### If you are responding for an organisation, please indicate the name and type of organisation and a short description of activity/industry:

European Federation of Accountants and Auditors for SMEs (EFAA)

#### Job title/role:

Director

#### Country:

Belgium

#### Please state which country:

### 2. Main countries of operation:

Albania, Austria, Azerbaijan, Belgium, France, Germany, Hungary, Kosovo, Portugal, Slovenia, Spain, The Netherlands, and the UK

## 3. General questions

### 3. Do you have suggestions on how EFRAG could substantiate the influence of its Research activities in general, and individual projects in particular, on the IASB's work?

We believe it's an almost impossible task to substantiate with any reasonable degree of reliability and certainty the influence of its Research activities not least because there are so many stakeholders and factors at play, and interrelationships between them that influence and shape the work of the IASB making. That said we are aware of substantial anecdotal evidence that IASB and others pay close attention to and are persuaded by EFRAG's evidence and opinions.

We wonder whether EFRAG's recent Perception Audit offers some insights and whether a future audit ought to be extended to specifically address the influence of EFRAG's Research activities. In the meantime, EFRAG might wish to canvass the views of IASB staff.

### 4. What is your assessment on the use of evidence by EFRAG in its recent Research? Do you have suggestions on how to improve it?

We believe that EFRAG has made effective use of evidence in its recent Research. To improve the quality and amount of evidence / data, as well as the use made of it, we suggest that EFRAG consider whether it can promote wider awareness amongst the research community, especially not for profit / academic, as to the evidence / data it has collated and contacts it has and ways in which this community might leverage this to create additional research insights for sharing with EFRAG and its stakeholders. EFRAG might wish to emulate the World Bank's open data platform (see <https://data.worldbank.org/>) whereby researchers and others can get online access to EFRAG evidence / data at no cost. EFRAG could accompany this evidence / data with explicit encouragement of researchers to target their efforts and particular topics, issues and research questions and the opportunity to use findings etc. in other media.

#### 4. List of potential topics

5. For each project listed above, please indicate how important or urgent you consider it to be for European constituents (5 being most important) and how likely you consider that the project could reach a useful conclusion within a reasonable time frame (5 being most likely).

	Importance to European constituents	Likely to reach a useful conclusion in time
Better information on intangible assets	5	4
Cryptocurrencies	4	3
Derecognition	4	4
Transaction-related costs	3	4
Variable and contingent payments	3	4

6. Please provide any additional comments or explanation of your rating for the projects listed above.

We have a few general considerations:

- Trickle down – we have concerns around the risk and incidence of the trickle-down effect whereby accounting treatment in full IFRS, designed with publicly accountable entities in mind, gets adopted in national standards and hence applied to SMEs;
- Timing – the ability to influence the financial reporting agenda, especially the work of the IASB, research needs to be timely. Some research projects may take considerable time to complete and with unforeseen delays result in the evidence coming too late to have significant impact. Hence in some cases it may be appropriate to use a phased / staged approach whereby evidence is made available at interim stages rather than just at the project's conclusion.
- New / emerging issues - EFRAG research is best directed at new / emerging issues as this may prove more effective, influential and strategic (e.g., culminating in adding an item to the IASB's agenda) and carries less risk of evidence being untimely. For more established issues it's perhaps best to simply submit comment letters and conduct micro surveys of members.
- Repetition - EFRAG needs to be wary of repeating similar research being done by other organisations so it's vital that it widely advertise its activities and offer to collaborate with others.
- Wider corporate reporting, including NFI – this is of fast growing importance in Europe especially with the Sustainable Development Goals and the NFI Directive. We applaud EFRAG's readiness to support and contribute to the implementation of the EC's Action Plan in areas within its competence but recognise any future activities arising of EFRAG relating to the EC's Action Plan are outside the scope of this agenda consultation.

We rank the 5 proposed projects as follows:

1. Intangibles – this is of high relevance to SMEs as many service sector SMEs have little if any tangible assets and driver of value are not presently reflected on the balance sheet. We suggest that the capitals in the Framework as categories. Timeliness is important, both because intangibles continue to become ever more important value drivers and it is vital evidence is collated to encourage the global accounting community prioritising this topic. We would hope research would prompt IFRS / IASB to undertake its own project in due course: EFRAG might be able to offer the intellectual capital and learnings from its projects to

the IFRS / IASB for it to scaling-up to a global project extending to other regions.

2. Cryptocurrencies – we believe these are relevant to larger fast growing SMEs that seek additional finance as well as SMEs that use them as a means of payment or receive them. This is, however, a topic that is fast emerging and fast changing. This risks any activities, and their findings, quickly becoming irrelevant or out of date. There is also considerable risk of repetition of the work of others. Hence, we suggest that EFRAG strongly encourage the IASB and / or IFRS Interpretations Committee to embark on a project on how best to account for cryptocurrencies.

3-5. These projects stand to be of some relevance to SMEs especially de-recognition. The projects may provide clarifications that might be useful for IFRS or IFRS for SMEs.

**7. Are there other topics that you advise EFRAG to add to its Research agenda? If so, please provide a description of the topic and what the objective of an EFRAG Research project should be.**

We have no further topics to add to EFRAG's Research agenda.

**6. Thank You!**

**New Send Email**

May 21, 2018 12:51:29 Success: Email Sent to: cristina.rodriquez@efrag.org

**New Send Email**

May 21, 2018 12:51:29 Success: Email Sent to: paul.thompson@efaa.com