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Our ref : RJ-EFRAG 562 H
Direct dial : 0031-20-3010235
Date : Amsterdam, 25 November 2015
Re : Bulletin 'Getting a better framework: Profit or Loss versus OCI'

Dear members of EFRAG,

The Dutch Accounting Standards Board (DASB) appreciates the opportunity to respond to your bulletin 'Getting a better framework: Profit or Loss versus OCI'.

The topic reporting on (financial) performance has been subject to discussions for over some time now. In the past, several times it was concluded that more research should be done on this matter before being able to draw conclusions about it and develop further guidance. We therefore very much welcome EFRAG's bulletin 'Getting a better framework: Profit or Loss versus OCI' which in our view can be seen as a starting point to assist the IASB in developing concrete guidance about reporting on (financial) performance.

Questions 1, 3 & 4: Different measurement bases, OCI & Recycling

The objective of financial reporting is to provide decision usefulness information for certain stakeholders of the entity. We believe that including the business model concept in financial reporting will generally result in more useful information that represents faithfully the economic reality. We therefore believe that the selection of measurement bases for the statement of financial position and the statement of profit or loss may be driven by the entity's business model. We agree with EFRAG that for the selection of the measurement basis the statement of profit or loss should be the starting point.

We concur with EFRAG that differences resulting from applying different measurement bases should be accounted for in OCI. For amounts included in OCI to be useful information for users of financial statements, these users must be able to understand what OCI represents. We therefore stress the importance of adequate and understandable disclosures of the nature, composition and extent of the amounts included in OCI, including expected timing of recycling from OCI to the statement of profit or loss. We do believe however that the benefit of the current OCI-model is that it can only be used in limited circumstances. We would not advocate a model in which OCI can be used for any measurement difference.

Questions 2 & 5: Considering the business model & Current value measurements in the statement of financial position

We concur with the business models identified. In our view the number of different business models should be limited and clearly distinct in order to enhance the understandability of financial reporting and should be applied consistently for comparison reasons. The application of the business model concept may increase the comparability of financial information of companies with the same business models.

The examples of the impact of certain business models on current standards in this bulletin are based on an entity having just one business model. In practice, we believe that entities exist that are likely to have several business models. We do not advocate to increase the number of business model or create mixed models, but to apply the business model concept as an instrument to define performance reporting and related measurement bases.

We do not believe that the use of current value measurements other than required today must be increased in principle. In our view, the business model applied should drive the measurement basis. Therefore increasing the use of current value measurements should only take place when, based on further research, it is concluded that for certain business models more usage of current value measurements is necessary to provide (more) decision usefulness information.

Dissenting opinion Martijn Bos

Board member Martijn Bos prefers the existing generic reference to the relevance of ‘business activities’ in BC6.51 for setting standards. He believes there is more merit in drafting Standards that are based on business activities of which the nature can be distinguished by a matter of fact. This is in contrast with EFRAG’s suggestion to give a more prominent role for ‘business models’ in standard setting as he believes this is likely to result in more arbitrary judgments and less comparable reporting.

Yours sincerely,

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

prof. dr. Peter Sampers
Chairman Dutch Accounting Standards Board