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EFRAG Equity Instruments – Impairment and Recycling – detailed analysis of feedback

Objective

1 The objective of this paper is to provide EFRAG TEG with a detailed analysis of the replies to EFRAG's Discussion Paper *Equity Instruments – Impairment and Recycling* (DP).

2 EFRAG published the DP as part of an effort to gather views and prepare a response to the European Commission (EC) that requested technical advice on recognition of equity instruments carried at FVOCI.

3 The DP's main focus was whether recycling gains and losses on the disposal of equity instruments carried at FVOCI would better reflect the performance of long-term investors and whether recycling should be accompanied by an impairment model.

4 The DP also included other impairment related issues and illustrated two alternative impairment models for equity instruments carried at FVOCI:

(a) a revaluation model, in which all declines in fair value below the acquisition cost would be immediately recognised in profit or loss and changes in fair value above the acquisition cost would be recognised in OCI and recycled on disposal; and

(b) an impairment model similar to the model of IAS 39 *Financial Instruments: Recognition and Measurement* for equity instruments classified as available-for-sale ('AFS'), but with additional guidance to reduce subjectivity.

5 The comment period of the DP ended on 25 May and EFRAG received 51 replies. Appendix 1 includes the list of respondents and Appendix 2 includes the list of presentations that the EFRAG Secretariat conducted.

6 In accordance with EFRAG procedures, a full feedback statement will be published in due course.

7 This analysis summarises the messages received from constituents, noting some key themes identified. Its purpose is to assist EFRAG TEG to consider what the main issues are to finalise the EFRAG technical advice.

High-level summary

8 Approximately half of the total respondents to the DP suggested that it might be preferable to wait for the IASB's Post Implementation Review (PIR) of IFRS 9 before raising concerns and suggesting changes to the new standard. or raised concerns about the initiative leading to European modifications to IFRS and preferred IFRS as issued by the IASB. For some of these constituents, one or both of these suggestions substantively represented their complete response to the DP as they did not provide comments to individual questions contained in the DP.

9 Nearly three-fourths of the 47 respondents who expressed a view on recycling agreed that its reintroduction would improve the depiction of financial performance of long-term investors. However, some National Standard Setters and users reject this view or would prefer to have fair value changes recognised immediately in profit or loss.

10 An overwhelming majority of respondents to the question as to whether recycling needed to be accompanied by an impairment model agreed that it did.

11 Approximately two thirds of the 31 respondents who expressed a preference about an impairment model, preferred a model similar to IAS 39, mainly because it attempted to make a distinction between temporary and other declines in fair value. Many favoured quantitative triggers or rebuttable presumptions, and of those that supported quantitative triggers most preferred that entities define them.

12 Most respondents supported the reversal of impairment losses through profit and loss upon a fair value recovery of an equity instrument. Views were mixed as to whether the reversal should be on an ongoing approach or a symmetrical approach. Some respondents suggested that some of the application problems with impairment under IAS 39 may have been caused by the standard's prohibition of any impairment loss reversals.

13 Several respondents suggested a scope amendment to the FVOCI option of IFRS 9 to include indirect investments in equity instruments, such as UCITs. Some other constituents advocated for a different treatment for equity instruments within the Level 3 fair value hierarchy.

Comments on the timing of the technical advice

14 Some respondents, mainly users, regulators and national Standard Setters noted that entities only just started applying IFRS 9. They considered that it was too early to draw conclusions on the impact of the Standard. Those respondents mentioned that there was no clear evidence that the current requirements, which prohibit recycling, would have a negative impact on long-term investments, nor that the reintroduction of recycling would have a positive impact.

15 Two National Standard Setters mentioned that the FVOCI option for equity instruments in IFRS 9 should be eliminated. They considered the appropriate measurement criteria for all equity instruments was FVPL as this option allowed greater comparability between entities and they just accept FVOCI because it was introduced by the IASB.

16 Other respondents, mainly preparers (insurance companies), urged for an amendment to IFRS 9 to reintroduce recycling. These constituents suggested it would be the only solution to report all the components of the performance of equity instruments in profit and loss. This would also be more consistent with the accounting treatment of debt instruments accounted for at FVOCI.

17 Most of these respondents encouraged the EFRAG Board to advice the EC to urge the IASB to undertake a narrow-scope amendment to IFRS 9 on a timely basis so to have it in place when IFRS 17 *Insurance Contracts* becomes effective.

Analysis of responses to questions in the DP

Question 1 Recycling gains or losses on disposal

Do you consider that the reintroduction of recycling would improve the depiction of the financial performance of long-term investors? Alternatively, do you consider that the existing requirements of IFRS 9 provide an adequate depiction? Please explain.

18 Comment letters from preparers and organisations of preparers from Austria, Belgium (two respondents), Greece, Poland and Singapore expressed the view that recycling would improve the depiction of the financial performance of long-term investors. This view was also expressed by some preparers and organisations from Germany (four respondents), France (five respondents), and European/international organisations of preparers (six respondents). The arguments provided in favour of recycling included in these comment letters were that:

(a) the FVPL category introduced undue volatility and failed to reflect the long-term investments business model as unrealised gains and losses could not be considered similar to realised gains and losses;

(b) due to the prohibition of recycling the equity instruments carried at FVOCI, the cash flows relating to gains on disposal from the sale of equity instruments, were not reported in profit and loss anymore. As a result, the general principle to show in a transparent way all realised gains and losses in profit or loss account had been left out under IFRS 9. This created the false impression that the cumulative gains and losses at the time of disposal of equity instruments were not relevant or economically insignificant, and therefore not a part of the financial performance;

(c) disposal gains or losses might not have predictive value but the recycling of accumulated OCI to profit and loss when equity instruments were sold would still be relevant;

(d) the *Conceptual Framework* established that the statement of profit or loss was the primary source of information about financial performance; and

(e) recycling was also fully consistent with paragraph 7.19 of the *Conceptual Framework* which included a general presumption that accumulated gains and losses in OCI should be transferred to profit or loss in a future period, when this results in the statement of profit or loss providing more relevant or more faithful representation of the entity's financial performance for that future period and argued that was the case when the investments were sold, and the gains or losses were realised;

19 A Danish and a German organisation representing financial institutions regarded recycling as a possible approach. They noted that conceptually recycling could be appropriate for long-term investments, but this very complex issue could not be solved by a short-term change.

20 Two German preparers expressed that recycling could be a possible approach or had no preferences as it was considered that there were no differences between profit or loss and OCI.

21 One organisation representing some UK financial institutions was against recycling. It noted that the existing provisions for IFRS 9 provides the appropriate basis for depicting the performance of equity securities.

22 Three comment letters did not express a clear consensus or no view on the issue.

23 The standard setters from Austrian, France, Italy and Japan considered that recycling would be preferable. The arguments provided were:

(a) there were crucial differences between realised performance that should be recognised in P&L and unrealised performance that should be recognised in OCI;

(b) it also seemed appropriate to consider changes in value of investments within equity instruments in the financial performance. This certainly included the consideration of final profits or losses at disposal; and

(c) both dividends receipts (which were included in profit or loss) and gains on disposal from the sale of equity instruments represented a form of realisation of the fair value of the instruments. Therefore, both events should be presented in the same way.

24 On the other hand, the standard setters from Norway, Poland, Spain and the United Kingdom were against recycling. The arguments provided were:

(a) the timing of a sale of an equity instrument was entirely controlled by the entity and did not help reflect the entity's performance in the year;

(b) any re-measurement gains or losses pertained to holding period and not the period of disposal; and

(c) recycling could lead to manipulation of profit and loss and obscured the performance of an entity's portfolio.

25 The Danish standard setter had not seen any convincing evidence that IFRS 9 would affect long-term investors' behaviour. The respondent had "sympathy" for recycling should IFRS 9 be reopened.

26 The Dutch standard setter thought that it should first be understood what the issue was before a solution could be suggested. The respondent noted that recycling should be accompanied by some impairment solution.

27 The German standard setter had not yet formed a final view on the issue. It saw no clear evidence that the current requirements would negatively impact long-term investments, nor that the reintroduction of recycling would have a positive impact. Similarly, the Portuguese standard setter thought that any recommendations should be made after the post-implementation period.

28 The two European regulators responding the to the consultation, were either against recycling or had no clear preference from a conceptual perspective as to whether recycling should be reintroduced. The regulator that was against recycling noted that the evidence collected by EFRAG did not demonstrate a need to introduce recycling to support long-term investments. On the contrary, the respondent noted, "recycling may introduce in some cases, and especially for financial institutions, short-term accounting incentives to put in place opportunistic profit-taking disposal policies, thus sustaining earnings management practices, which would be contrary to the objective of encouraging long-term investments".

29 An association of auditors from the UK was against recycling. Firstly, the comment letter noted that the FVOCI category was intended for strategic investments only for which changes in fair value were not of primary relevance. Secondly, if FVOCI would also be used for non-strategic investments, recycling in one period would not reflect the investor's periodic performance. Other five audit firms or associations of auditors did not have a (consensus) view on the issue.

30 The two users organisations had the following views:

(a) one group believed that FVPL was the better approach to depict performance. However, it noted that users focus on the statement of profit or loss to assess an entity's performance, so fair-value fluctuations in OCI were accordingly not regarded as performance. Recycling could therefore be recommendable to gauge the performance of an investor over the entire holding period. The group considers that recycling was more suitable to assess stewardship, particularly when determining how an entity realises capital gains or losses and how successful the entity was in managing its investment portfolio; and

(b) the other group of users believed that the act of realisation of a gain or a loss does not change the economic reality of the performance of the business. The gain or loss has accrued over the holding period and if management had elected to use OCI, realised gains were not part of the performance of the period. They thought that the election should only be available for strategic investments. Volatility in fair values of long-term investments was "normal" and accordingly, this group of users do not see any need to "smooth earnings". Instead the management should explain the reasons for the movements.

31 An individual user responding to the consultation was in favour of recycling as he thought realised gains and losses should be reported in profit or loss.

Question 2 Conceptual relationship between recycling and impairment

Do you consider that, from a conceptual standpoint, recycling should be accompanied by some form of impairment model? Please explain.

32 Of the preparers that were in favour of recycling or did not have a view on this, two German preparers responding to the consultation did not think it was necessary to introduce an impairment model. The other 15 preparers and organisations representing preparers either supported an impairment model, or did not oppose to it.

33 The arguments provided in favour of an impairment model included:

(a) it would ensure consistency of the accounting treatment of equity instruments at FVOCI under IFRS 9 with the treatment of assets other than those measured at FVPL under IFRS for four respondents;

(b) it would enhance the relevance of profit and loss as the primary source of information about an entity's financial performance as all the components of the performance of the investments (dividends, impairment and gains and losses when the asset was sold) will be recognised in the same place for three respondents;

(c) it would be in line with the principle of prudence for five respondents; and

(d) impairment enhanced the relevance of profit or loss for stewardship purposes for two respondents.

34 Some of the preparers or organisations of preparers, in particular nine respondents, that supported recycling did not provide an explicit answer.

35 The preparer organisation that was against recycling thought that if recycling were reintroduced, an impairment model would be needed, and it should ensure symmetrical treatment for reversals of impairment losses.

36 Nine national standard setters were in favour of an impairment model if recycling should be introduced, and two had not formed a view. However, one of these noted that from a conceptual point of view, testing assets for impairment was a fundamental stand-alone concept irrespective of recycling that, at least theoretically, should apply to any class of assets held.

37 The arguments provided in favour of an impairment model were:

(a) it would result in an outcome closest to the outcome of a fair value through profit or loss approach;

(b) the FVOCI approach reflected a dual measurement approach under which the assets were measured at fair value in the statement of financial position and at cost in the statement of profit or loss. When measuring at cost, it was an established practice to recognise impairment losses through profit or loss when the historical cost was no longer recoverable;

(c) any IFRS measurement method that leaded to an impact on profit or loss upon de-recognition of an asset was accompanied by an impairment mechanism and there was no conceptual reason for creating an exception for equity investments; and

(d) negative changes in the value should be recognised when they occurred.

38 The Polish standard setter, which was not in favour of recycling (and did not provide a view on impairment) noted that the issues related to impairment was another argument for not introducing recycling.

39 The UK association of auditors that was against recycling noted that a form of impairment model would be a pre-requisite. Otherwise the timing of recognition of losses was entirely within the control of the investing entity. Other three auditors and associations of auditors/accountants also shared this position and two did not provide a view.

40 Both regulators and user organisations supported the need for an impairment model to reduce incentives for earnings management, it was needed for prudence and transparency reasons, as well as to enhance the relevance of profit or loss for stewardship purposes and assess prospects for future cash flows.

41 Most of respondents acknowledge that some of the negative fair value changes could be permanent. Most of them also agreed that a robust impairment model increased the relevance of the profit and loss statement as primary source of information of the performance of the company.

Question 3 Enhancing presentation and disclosure requirements

What are your views on the arguments and analysis presented in Chapter 3 of the DP?

Are there other improvements in presentation and disclosure that you would support?

42 Almost all the respondents who replied agreed that presentation and disclosure solutions could not adequately replace recognition and measurement in the primary financial statements and referred to IAS 1 *Presentation of Financial Statements*. For that reason, it was generally agreed that information recognised in the financial statements was more valuable that information disclosed in the notes.

43 Most of those respondents also did not support additional disclosure requirements, beyond those already in IFRS 7 *Financial Instruments: Disclosure* paragraph 11A and 11B. However; many acknowledged that if recycling with impairment were introduced there would be a need to disclose information on both the impairment policy and amounts.

Question 4 Two models

What should be, in your view, the general objective and main features of a robust model for equity instruments (relevance, reliability, comparability…)?

Which, if either, of the two models do you prefer? Please explain.

Do you have suggestions for a model other than those presented in the DP? If so, please describe it and explain why it would meet characteristics such as relevance, reliability and comparability

44 Several constituents agreed that a robust impairment model needed to provide relevant and reliable information and allow comparability. Some constituents suggested relevance should take precedence if there was a conflict between features.

45 The 14 preparers who expressed a view favoured a solution similar to IAS 39. Some mentioned that they supported modifications that reduced subjectivity.

46 The argument provided in favour of an IAS 39 model were:

(a) it would distinguish between permanent declines in the fair value of the underlying equities versus their short-term market-driven fair value changes for three respondents;

(b) it would avoid the unintended volatility in profit or loss, when the current fair value was below the original cost for three respondents;

(c) it would allow the application of an impairment approach for equity instruments that was consistent with the one for debt instruments measured at FVOCI for two respondents;

(d) it was consistent with statutory reporting for one respondent;

(e) entities would be familiar with the model from IAS 39 for one respondent; and

(f) it would enhance transparency for one respondent.

47 Arguments provided against the revaluation model proposed were:

(a) the approach would result in short-term value decreases being recognised in profit or loss, which would not result in relevant information for users for three respondents;

(b) the information would not be relevant as there would be no assessment of the factors causing the impairment or consideration of the characteristics of the equity portfolios for three respondents;

(c) it would a be source of volatility in the profit or loss for long term investors, in contradiction with their long-term investment strategies for eight respondents;

(d) it would result in an asymmetric treatment for two respondents; and

(e) it would not adequately portray the performance of a managed portfolio of equity investments (in which will be expected to show fair value gains and other losses) for one respondent.

48 Although the preparers favoured an IAS 39 approach, some also provided arguments in favour of the revaluation model:

(a) it would be simple for three respondents; and

(b) it would be less discretionary than an IAS 39 approach for one respondent.

49 13 preparers did not express a preference between the models in the DP. Two of these, in particular, suggested an impairment model based on value in use. See also paragraph 73 below.

50 The preparer association that was against recycling did not express any preference.

51 The standard setters that did not express a view on recycling also did not express a preference on the impairment model.

52 The Danish standard setter thought that impairment should be evaluated with no reference to the criteria of ‘significant’ or ‘prolonged’ to be as close to the FVPL approach as possible and to be less subjective.

53 The Dutch standard setter noted that the triggers in any impairment model should be sufficiently clear to avoid subjectivity. In addition, any reversal of an impairment should be symmetrical to initial recognition of an impairment.

54 The standard setter of Germany thought that the models presented by EFRAG were a good starting point for further discussion but not sufficiently developed to enable a judgement of their merits.

55 The Portuguese standard setter did not favour one of the models, but impairment in accordance with IFRS 9.

56 The standard setters in favour of recycling also generally favoured an IAS 39 based impairment model.

57 The Austrian standard setter thus seemed to consider the IAS 39 to be better than the revaluation model as the latter would not reflect the business model of long-term investments.

58 The French standard setter similarly favoured the IAS 39 model of the two approaches but noted that it should include an impairment reversal mechanism.

59 The Italian standard setter also thought the IAS 39 model should be amended to allow for reversals of impairment losses. In addition, it should provide application guidance on the terms “significant” and “prolonged” to reduce the subjectivity around the interpretation of these terms. Quantitative thresholds might be included in this guidance.

60 The standard setter of Japan did not mention it directly, but it seemed to consider the IAS 39 model to be better than then revaluation model although a “significant or prolonged” decline in fair value might not necessarily depict the effects of identifiable adverse changes in the issuer’s economic conditions.

61 The standard setters that did not support recycling were generally more in favour of the revaluation model.

62 The Norwegian standard setter saw some merits in the revaluation model as it would at least provide information about unrealised loss on an equity instrument with fair value below cost (“lower of cost and market”). The respondent thought that this could provide useful information, the model would increase comparability, reduce complexity (easily understandable), and provide information that would be transparent and less subjective then an “incurred loss” approach.

63 The Polish standard setter noted that if recycling would be introduced, it would favour the revaluation model as this was objective, result in comparable information and was principle-based.

64 The Spanish standard setter preferred the revaluation model as it did not involve the problem of identifying a bright line.

65 The UK standard setter thought that a wider debate was needed about when recycling provides more relevant information or a more faithful representation, and what conditions should apply before it could provide a view on impairment.

66 The UK auditor/accounting association that was against recycling noted that any impairment model would involve complexity and create difficult questions of judgement.

67 Two auditors or associations of auditors favoured the revaluation model. The arguments provided were:

(a) it was simple;

(b) provided a certain degree of objectivity;

(c) enhanced comparability;

(d) more consistency with the treatment of the impairment of other assets; and

(e) less scope for earnings management.

68 One audit company favoured an IAS 39 approach but thought that the modifications which included the use of a backstop trigger and introduction of an impairment reversal process might result in the revaluation approach being an interesting alternative as it was simple and offered better comparability across entities.

69 Two associations of auditors/accountants did not provide a view.

70 One of the regulators did not think that any of the models proposed would improve financial reporting as they did not strike the right balance between relevance and comparability. For example, the revaluation model could result in comparable information, but as the information would not take the different sources of fair value changes into account the information would not be relevant. The other regulator favoured the revaluation approach, as the IAS 39 approach would not result in timely and comparable recognition of impairment losses.

71 The two organisations of users replying to the consultation did not express any preference about the two impairment models suggested in the consultation document. One of the organisations thought, however, that the concepts of “significant and prolonged” should remain as a principle-based approach introducing qualitative guidance and some quantitative thresholds.

72 The individual replying to the consultation did not favour any of the models and suggested an approach aligned to the expected loss model. The trigger event should be whether there was a dividend cut.

73 A few constituents suggested alternative impairment models to the two models illustrated in the DP. The suggested different options included:

(a) an impairment model applied at the level of a long-term investment portfolio;

(b) a value-in-use method based on the future cash flows the entity expects from the asset; and

(c) an impairment model where the trigger was the reduction of the dividend.

Question 5 Quantitative impairment triggers

Do you support the inclusion of quantitative impairment triggers in an impairment model? If so, should an IFRS Standard specify the triggers, or should management determine them?

If you do not support quantitative impairment triggers, how would you ensure comparability across entities and over time?

74 Many respondents acknowledged that there were prior practical problems in application of the ‘significant’ and ‘prolonged’ criteria used in IAS 39 and believed that more guidance was needed to provide greater comparability.

75 Of those that supported the use of quantitative impairment triggers or rebuttable presumptions, some preparers and two national standard setters preferred that entities would set them. The reasons for entity defined triggers included:

(a) a single bright line approach might not be appropriate in all circumstances or for all entities;

(b) more principles based; and

(c) allowed for consideration of the characteristics of the business model or portfolio and relevance was more important than comparability.

76 The primary reason for those in favour of standard based quantitative triggers was that it was more operational and achieves comparability between entities and over time.

77 Some of the respondents that preferred either the entity defined, or the standard defined quantitative trigger commented that a quantitative trigger should include a rebuttable presumption. Some added that a combined approach with the standard defining the upper limits would be their second choice.

78 For those respondents that opposed the use of quantitative triggers, the following were the main reasons provided:

(a) specific judgement must be exercised to convey the correct information;

(b) impairment would become rule-based;

(c) it would fail to provide relevant information in certain circumstances; and

(d) management should determine impairment criteria that apply to a dedicated portfolio.

79 In the absence of quantitative triggers, one respondent suggested that comparability might be improved by the development of illustrative and specific guidance on the meaning of both ‘significant’ and ‘prolonged’ in well-defined situations combined with improved disclosure. Another respondent noted that allowing for the reversal of an impairment may improve comparability.

Question 6 Subsequent recovery in fair value

How should subsequent recoveries in fair values be accounted for? Please explain.

If subsequent recoveries in fair values are recognised in profit or loss, which of the approaches do you support and why?

80 Most respondents who answer that question agreed that recognising subsequent recoveries in profit or loss was appropriate as it would provide more relevant information. The objective of an impairment model would be to capture significant downwards movements in the value of an entity’s equity investments. If circumstances changed at a later date and the conditions for an impairment loss no longer applied, recognising subsequent recoveries in profit and loss would be conceptually acceptable and consistent with the principles of other IFRS.

81 Another argument was that reversals help to overcome the perceived reluctance of entities to recognise impairment charges in a timely manner.

82 One respondent preferred retaining IAS 39’s irreversible approach for impairment losses. However, this respondent also advocated for a relatively high impairment threshold.

83 Less than one-third of the respondents who expressed a view on that topic mentioned a preference on the method of an impairment reversal. Most of the respondents that did express a preference preferred a limited reversal approach[1] because it was symmetrical with the underlying impairment model and limited undue volatility.

[1] A limited reversal approach would allow recognition of a reversal only from the moment when the fair value recovers over the initial cost or the impairment threshold. In an impairment model with a ‘significant’ threshold this would introduce

Question 7 Other considerations

Do you consider that the same model should apply to all equity instruments carried under the FVOCI election? If not, why not and how would you objectively identify different portfolios?

Do you have comments on these other considerations?

Are there other aspects that EFRAG should consider?

84 A clear majority of respondents to the question mentioned that for reasons of comparability and objectivity, the same model should apply to all equity instruments carried at FVOCI. A few of the respondents suggested there should be different impairment models. The suggested exceptions included:

(a) level 3 instruments, as the market information to conduct the impairment test was not reliable;

(b) equity instruments held by insurers; and

(c) strategic investments.

85 Some respondents supported the idea to include a rebuttable presumption into the impairment model with (entity-specific) quantitative thresholds as it would still properly reflect the acknowledgment that some equity instruments were more volatile than others.

86 Respondents generally agreed that the unit of account for the measurement of financial instruments was the individual instrument. However, two respondents had opposing views. One respondent a portfolio approach should be allowed for linked asset/liabilities. Another respondent believed the unit of account should be the portfolio or business model of equity instruments.

87 Respondents commenting on the cost formula when an individual investment had been acquired in multiple tranches generally did not support specifying the formula in an accounting standard.

Question 8 Other aspects of IFRS 9's requirements on holdings of equity instruments

Are there other aspects of IFRS 9's requirements on accounting for holdings of equity instruments, in addition to those considered in the DP, which in your view are relevant to the depiction of the financial performance of long-term investors? Please explain.

88 Several respondents suggested that the FVOCI election should be allowed for indirect investments in equity instruments, such as Undertakings for Collective Investments Transferable Securities (UCITS), Exchange Traded Funds (ETF) or Authorized Investments Funds (AIF).

89 One respondent did not see a need for a discretionary option as contained in IFRS 9 to designate an equity instrument at FVOCI, and instead, believed it should be mandatory depending on the business model. However, another respondent also commented on the option and suggested should be eliminated altogether resulting in all equity instruments at FVPL. It should be noted that several respondents to earlier questions in the DP also expressed support that all equity instruments should be at FVPL.

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a degree of symmetry – moving across the threshold would trigger both the recognition of downward changes and recoveries in profit or loss.

90 Some respondents mentioned that the DP excluded a discussion on the use of fair value as the measurement basis for all equity instruments. They questioned the reliability of the measurement for certain instruments. One respondent suggested that on-going initiatives related to the accounting for these instruments were coordinated.

91 One respondent favoured using cost rather than fair value for less significant long-term investments, with impairment charges and reversal mechanism similar to IAS 36 *Impairment of Assets*, and the recognition of gain and losses on disposal or retirement in the profit and loss account. This was suggested on the grounds that it was simple and consistent with other non-current assets.

APPENDIX I – List of respondents

Respondent	*Country*	*Type*
ACCA - Association of Chartered Certified Accountants	International	Auditing Association
Accountancy Europe	International	Business Association
ACTEO – Association pour la participation des entreprises françaises à l'harmonisation comptable internationale		
AFEP – Association française des entreprises privées	France	Business Association
MEDEF – Mouvement des entreprises de France		
AFME - Association for Financial Markets in Europe	International	Business Association
AFRAC - Austrian Financial Reporting and Auditing Committee	Austria	National Standard Setter
Allianz	Germany	Preparer
ANC - Autorité des Normes Comptables	France	National Standard Setter
ASBJ – Accounting Standards Board of Japan	Japan	National Standard Setter
ASCG - Accounting Standards Committee of Germany	Germany	National Standard Setter
Assuralia	Belgium	Business Association
BNP Paribas	France	Preparer
BusinessEurope	International	Business Association
Carsten Zielke	Germany	Individual
CFO Forum – European Insurance CFO Forum	International	Business Association
CNC – Comissao de Normalizacao Contabilistica	Portugal	National Standard Setter
CRUF – The Corporate Reporting Users Forum	International	Professional Organisation of Users
Commerzbank	Germany	Preparer
DASB - Dutch Accounting Standards Board	Netherlands	National Standard Setter

DASC - Danish Accounting Standards Committee	Denmark	National Standard Setter
Deloitte	International	Auditing
Deutsche Telekom AG	Germany	Preparer
ECB – European Central Bank	International	Regulator
EFAMA – European Fund and Asset Management Association	International	Business Association
EFFAS - European Federation of Financial Analysts Societies	International	Professional Organisation of Users
ESBG - European Savings and Retail Banking Group	International	Business Association
ESMA - European Securities and Markets Authority	International	Regulator
Evonik Industries AG	Germany	Preparer
FBF - French Banking Federation	France	Business Association
FFA - Fédération Française de l'Assurance	France	Business Association
Finance Denmark	Denmark	Business Association
FRC - Financial Reporting Council	UK	National Standard Setter
GBIC – German Banking Industry Committee	German	Business Association
GDV – German Insurance Association	Germany	Business Association
HBA - Hellenic Bank Association	Greece	Business Association
ICAC – Instituto de Contabilidad y Auditoría de Cuentas	Spain	National Standard Setter
ICAEW - Institute of Chartered Accountants in England and Wales	UK	Auditing Association
ICAS – Institute of Chartered Accountants of Scotland	UK	Auditing Association
Insurance Europe	International	Business Association
Invest Europe	International	Business Association
ISDA - International Swaps and Derivatives Association	International	Business Association
KBC	Belgium	Preparer

Mazars	International	Auditing
NASB - Norwegian Accounting Standards	Norway	National Standard Setter
OIC – Organismo Italiano di Contabilita	Italy	National Standard Setter
PASC - Polish Accounting Standards Committee	Poland	National Standard Setter
ProSiebenSat.1 Media SE	Germany	Preparer
Siemens AG	Germany	Preparer
Société Générale	France	Preparer
Temasek Holdings	Singapore	Preparer
UK Finance	UK	Business Association
Anonymous	Austria	Preparer

APPENDIX II – List of presentations

9 April 2018	Accountancy Europe IFRS 9 Task force
13 April 2018	International Forum of Accounting Standard Setters
2 May 2018	EFFAS Financial Accounting Commission
3 May 2018	EFRAG Financial Instruments Working Group
3 May 2018	Euro Corporate Reporting User Forum
14 May 2018	International Group Organismo Italiano di Contabilitá
15 May 2018	EFRAG User Panel
24 May 2018	BusinessEurope Sounding Board
28 May 2018	Nippon Life Insurance Company
6 June 2018	KBC Bank