International Accounting Standards Board
30 Cannon Street
London
EC4M 6XH

Paris, January 31, 2011

RE: Request for Views on Effective Dates and Transition Methods

Dear Madam/Sir

We are pleased to comment on the above mentioned Request for Views published by the IASB to gather views about the time and effort that will be involved in adapting to the several new IFRSs it expects to issue by June 2011 and about when those IFRSs should become effective.

As regards the specific issues addressed by the Request for Views, here are our main comments:

- Preparing for transition to the new requirements: no doubt the time, costs and efforts that will be needed to adapt to the new requirements will overall be significant for the whole financial community, especially for preparers. Within each business sector, at least one of the projects listed in the Request for Views is likely to deeply change the way operations are accounted for. Having said that, the context of a broad implementation plan covering all the new requirements does not change the comments we expressed in response to the work papers previously issued by the IASB as regards the transition method that should be required for each project. Thus it is not because a single mandatory effective date for all the major projects is finally retained by the IASB that it will make retrospective application practicable in all cases.

- The implementation approach and timetable (effective dates for the new requirements and early adoption): we prefer the single date approach, with a mandatory effective date being 1 January 2015 at the earliest. No early adoption should be authorised to ensure comparability.

- International convergence considerations: the same effective dates and transition methods for comparable standards issued by the IASB and the FASB respectively should not be a prerequisite; it is only preferable.

- Considerations for first-time adopters of IFRSs: in our opinion, first-time adopters of IFRSs should be authorised, as an exception to the principle stated above, to early adopt the new requirements at the date of transition to IFRSs.

Our answers to the specific questions raised in this RV are presented in the attached appendix.

We would be pleased to discuss our comments with you and are at your disposal should you require further clarification or additional information.

Yours sincerely

Michel Barbet-Massin

Head of Financial Reporting Technical Support

Appendix to our letter on the RV on Effective Dates and Transition Methods

Background Information

Q1. Please describe the entity (or the individual) responding to this Request for Views.

For example:

(a) Please state whether you are primarily a preparer of financial statements, an auditor, or an investor, creditor or other user of financial statements (including regulators and standard-setters). Please also say whether you primarily prepare, use or audit financial information prepared in accordance with IFRSs, US GAAP or both.

(b) If you are a preparer of financial statements, please describe your primary business or businesses, their size (in terms of the number of employees or other relevant measure), and whether you have securities registered on a securities exchange.

(c) If you are an auditor, please indicate the size of your firm and whether your practice focuses primarily on public entities, private entities or both.

(d) If you are an investor, creditor or other user of financial statements, please describe your job function (buy side/sell side/regulator/credit analyst/lending officer/standard-setter), your investment perspective (long, long/short, equity, or fixed income), and the industries or sectors you specialise in, if any.

(e) Please describe the degree to which each of the proposed new IFRSs is likely to affect you and the factors driving that effect (for example, preparers of financial statements might explain the frequency or materiality of the transactions to their business and investors and creditors might explain the significance of the transactions to the particular industries or sectors they follow).

Mazars is an international, integrated and independent organisation, specialising in audit, accounting, tax, law and advisory services. Our firm primarily audits financial information prepared in accordance with IFRSs.

Mazars can rely on the skills of 13,000 professionals in the 61 countries which make up its integrated partnership on the five continents. Mazars also has correspondents and joint ventures in 21 additional countries.

Besides, Mazars is one of the founding members of the Praxity alliance, which gathers 109 independent organisations and 25,000 professionals in 76 countries.

Our practice focuses both on private and public entities.

As auditors, we will not be affected by any proposed new IFRSs in particular. Besides, our clients are from all business sectors. Thus we will have to train our staff efficiently to maintain a high level of expertise on all the new requirements.

Preparing for transition to the new requirements

Q2. Focusing only on those projects included in the table in paragraph 18 above:

(a) Which of the proposals are likely to require more time to learn about the proposal, train personnel, plan for, and implement or otherwise adapt?

In our opinion, the proposals which are likely to require more time to learn about the proposal, train personnel, plan for, and implement or otherwise adapt are:

- Financial instruments (IFRS 9), especially for financial institutions;
- Insurance contracts;
- Leases;
- Revenue from contracts with customers.

Conversely, the proposals relating to Consolidation, Fair value measurement, Joint arrangements, Post-employment benefits – Defined benefit plans and Presentation of items of other comprehensive income should require less time to implement since the changes made compared with the previous requirements are more limited. Even if these projects should inevitably require some analysis at the date of transition, no major change in the IT systems are anticipated.

(b) What are the types of costs you expect to incur in planning for and adapting to the new requirements and what are the primary drivers of those costs? What is the relative significance of each cost component?

As auditors we do not have any specific information to provide concerning the types of costs which will probably be incurred by preparers in the following years to comply with the new requirements, neither do we have information about the relative significance of each cost component. However, based on discussions with our clients, we understand that the cost of the transition to these new requirements could be very high, given that it will imply among others:

- significant IT and procedural changes, for instance for implementing the new revenue recognition requirements in the construction industry;
- a necessity for training personnel;
- a need for rethinking financial communication.

Q3. Do you foresee other effects on the broader financial reporting system arising from these new IFRSs? For example, will the new financial reporting requirements conflict with other regulatory or tax reporting requirements? Will they give rise to a need for changes in auditing standards?

In some jurisdictions, IFRSs are used as the primary GAAP by domestic listed and unlisted companies. This implies that any major change to the way financial statements are prepared could significantly impact for instance taxation, dividend distribution, profit-sharing agreements, etc.

As auditors we consider that the new requirements that the IASB and the FASB are proposing will probably increase the audit risk since many of these requirements imply the recourse to even more management's judgment or estimations.

For instance, under the leases project assets and liabilities recognised by lessees and lessors would be measured on a basis that (a) assumes the longest possible lease term that is more likely than not to occur (taking into account the effect of any options to extend or terminate the lease) and (b) uses an expected outcome technique to reflect the lease payments, including contingent rentals and expected payments under term option penalties and residual value guarantees, specified by the lease. We believe such requirements will create significant areas of uncertainties for auditors. It is too early, at this stage, to anticipate a need for change in auditing standards, but the auditors' annual reports will probably describe in details the numerous items that are subject to management's judgment.

Financial institutions may also face specific issue related to the current regulatory projects on Solvency for insurance companies and Basel III for the banking industry. If data gathering for accounting requirements were significantly different from regulatory ones, it would significantly increase complexity and costs for financial institutions. Moreover, as some new regulatory ratios may be based directly on accounting figures (such as total balance sheet amount for the leverage ratio), these new requirements may have unintended consequences regulatory-wise.

Q4. Do you agree with the transition method as proposed for each project, when considered in the context of a broad implementation plan covering all the new requirements? If not, what changes would you recommend, and why? In particular, please explain the primary advantages of your recommended changes and their effect on the cost of adapting to the new reporting requirements.

We have no other remarks on the transition method as proposed for each project than those already expressed in the comment letters we sent to the IASB in the past few months. Indeed, we consider that the context of a broad implementation plan covering all the new requirements should not change the comments we expressed earlier.

For instance, as regards the revenue recognition project, we reiterate that a retrospective application may be impracticable (as defined by IAS 8) for entities that conclude very long term contracts (we refer to our comment letter in response to the exposure draft on this subject for more details). Delaying the effective date of application of the new IFRS on revenue recognition will not solve the issue, all the more as this would force companies to prepare a double set of accounts during a long period of time (until the date of transition to the new standard).

Having said that, given the major changes that are expected from the forthcoming new IFRSs, we would recommend the IASB to require the disclosures in a specific note to the financial statements (similar to the one required by IFRS 1 paragraph 23 in case of a first-time adoption of IFRSs) of all the identified impacts of the first-time application of these new standards. This will enable users of financial statements to well understand the new requirements. It will also improve comparability among entities.

Effective dates for the new requirements and early adoption

Q5. In thinking about an overall implementation plan covering all of the standards that are the subject of this Request for Views:

(a) Do you prefer the single date approach or the sequential approach? Why? What are the advantages and disadvantages of your preferred approach? How would your preferred approach minimise the cost of implementation or bring other benefits? Please describe the sources of those benefits (for example, economies of scale, minimising disruption, or other synergistic benefits).

We prefer the single date approach because we believe this approach will be less time consuming for preparers, users, regulators, standard-setters and auditors in the sense that it will be easier to adapt to a new set of standards all at once. Some projects included in the table in paragraph 18 of the Request for Views represent such a major change that we consider it is better to have, in a way, a new transition to IFRSs (for entities that already prepare their financial statements under these standards). As stated in our answer to question Q4, if accompanied by appropriate disclosures, financial statements prepared under the new standards will be best understandable if all new IFRSs become effective at the same date. Besides, comparability among entities and over time will be increased.

(b) Under a single date approach and assuming the projects noted in the introduction are completed by June 2011, what should the mandatory effective date be and why?

In our opinion, in case the single date approach is retained by the IASB, the mandatory effective date of most of the projects listed in the Request for Views should be 1 January 2015 at the earliest. This would apply to all these projects, except for Post employment benefits – Defined benefit plans and Presentation of items of other comprehensive income. Actually, we believe both projects are quite limited; thus companies should not be prevented from applying the amendments to IAS 19 and IAS 1 respectively at an earlier date.

We believe 1 January 2015 is well positioned to enable the IASB and the FASB to complete their joint projects for convergence purposes in satisfactory conditions. We fear that rushing things too much may be prejudicial to the quality of the new IFRSs. We well understand that the deadline of June 2011 is important. Though, in our opinion, the due process, field-tests and outreach activities are even more important to ensure that the new requirements are widely accepted and reflect the stakeholders' views appropriately.

Besides, we note that in some jurisdictions, comparative information requirements are more demanding than IAS 1. For instance, in the European Union, the so-called 'Prospectus Directive' imposes on entities presenting two years of comparative information (instead of one year required by IAS 1). Given that IAS 1 now requires entities to present a statement of financial position as at the beginning of the earliest comparative period when an entity applies an accounting policy retrospectively, an effective date of 1 January 2015 will imply presenting a complete set of financial statements (including notes) at 31 December 2015, 31 December 2014 and 31 December 2013, plus an opening balance sheet at 1 January 2013 (that is 31 December 2012) for European entities. In practice, entities will thus have very little time to adapt their financial reporting system to the new requirements and to start collecting data in order to be able to present this comparative information.

Last but not least, as regards the financial instruments project, we note that the IASB repeatedly undertook to give three years to entities to collect data in order to be able to comply with the new requirements of the expected loss impairment model. Since the IASB and the FASB are about to publish joint proposed approach to accounting for credit losses, we fear that the project's phase on impairment methodology will not be completed by June 2011. As regards the completion of IFRS 9, since the IASB has not yet published its proposals on 'macro-hedging', we doubt the final amendments to IFRS 9 will be available before 2012.

In this context, 1 January 2015 appears to us to be the earliest reasonable global effective date acceptable for the financial community.

(c) Under the sequential approach, how should the new IFRSs be sequenced (or grouped) and what should the mandatory effective dates for each group be? Please explain the primary factors that drive your recommended adoption sequence, such as the impact of interdependencies among the new IFRSs.

Not applicable considering our answer to question Q5 (a) above.

(d) Do you think another approach would be viable and preferable? If so, please describe that approach and its advantages.

No.

Q6. Should the IASB give entities the option of adopting some or all of the new IFRSs before their mandatory effective date? Why or why not? Which ones? What restrictions, if any,

should there be on early adoption (for example, are there related requirements that should be adopted at the same time)?

Except for the amendments to IAS 19 and IAS 1[1], we believe the IASB should not give entities the option of adopting the new IFRSs that will be published in the coming months before their mandatory effective date. This banning will ensure comparability among entities and over time.

As regards IFRS 9, we are aware of entities which have already early applied the requirements on classification and measurement of financial assets, as it is currently permitted by the standard. We are of the opinion that early adoption of this text should no longer be possible as soon as the IASB validates an overall implementation plan which prevents companies to early adopt new IFRSs (should this be the case). However, this should not lead to go back to IAS 39 for entities which have already early adopted IFRS 9 phase I.

International convergence considerations

Q7. Do you agree that the IASB and FASB should require the same effective dates and transition methods for their comparable standards? Why or why not?

As we understand it, if the SEC were to authorise US companies to prepare their financial statements under IFRSs in the near future, these companies would have to apply IFRS 1 as any other first-time adopter. In such a scenario, our answer to Q8 below applies.

Thus, the question of whether the IASB and the FASB should require the same effective dates and transition methods for their comparable standards is not crucial to us. Currently, two sets of standards exist. If this coexistence were to last longer than considered to date, the same effective dates would be preferable and transition methods should be the same in order to improve comparability among US companies and companies using IFRSs.

Considerations for first-time adopters of IFRSs

Q8. Should the IASB permit different adoption dates and early adoption requirements for first-time adopters of IFRSs? Why, or why not? If yes, what should those different adoption requirements be, and why?

In our opinion, the IASB should permit early adoption of the new IFRSs for first-time adopters of IFRSs, as an exception to the general principle set out in our answer to question Q6 above. It would be a waste of time and money for these first-time adopters to apply standards at the date of transition to IFRSs that are about to be significantly amended or superseded in the near future.

[1] Please refer to our answer to question Q2 (a)