

IFRS NEWS

Leases - IFRS 16

In mid-January the IASB published its new standard dealing with accounting for lease contracts. This standard will be mandatory from 1 January 2019, provided it is endorsed by the European Parliament. It will require lessees to recognise an asset and a debt for all contracts of more than 12 months' duration which satisfy the definition of a lease.

Entities should therefore begin as soon as possible to identify those contracts that are leases, as defined by the standard, and to set up accounting systems which will perform the necessary calculations for the depreciation of the assets and amortised cost for the debts, and facilitate the monitoring of contract modifications and the gathering of information for the disclosures.

Revenues - IFRS 15

Following on from the work of the TRG (the IASB/FASB's joint transition work group), the IASB has finalised some clarifications of its standard, for the most part in the form of additional examples. For its part, the FASB has taken its amendments further, notably by adding accounting options and supplementary exemptions.

Moreover, the AICPA (the American Institute of CPAs) has quickly started to publish application guides for specific sectors. One may therefore legitimately wonder whether the boards will be able to maintain consistent and homogenous application of the two standards which are intended to be identical.

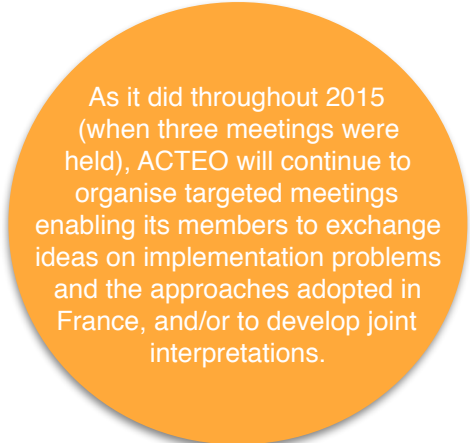
Business Combinations - IFRS 3

Following the Post-Implementation Review, the IASB is deliberating on the definition of a business, the identification of certain intangible assets and the subsequent accounting for goodwill. Possible ways forward for the latter include the reintroduction of systematic amortisation of goodwill or improvements to the impairment test.

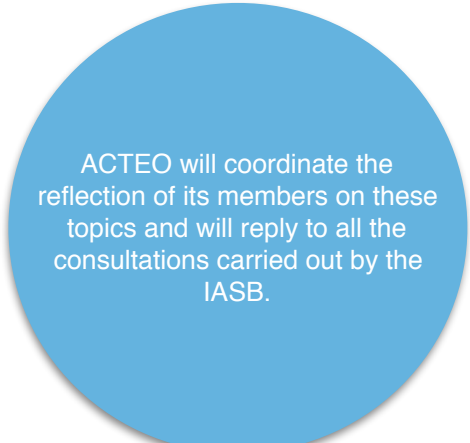
Similar work has been undertaken by the FASB whose rate of progress has forced the IASB to move forward more quickly than it had envisaged on these topics.



Over the last 6 years ACTEO has organised some 10 workgroup meetings in order to communicate members' views to the IASB upstream of the publication of IFRS 16. During 2016 ACTEO will organise several meetings on the topic of the implementation of the new standard.



As it did throughout 2015 (when three meetings were held), ACTEO will continue to organise targeted meetings enabling its members to exchange ideas on implementation problems and the approaches adopted in France, and/or to develop joint interpretations.



ACTEO will coordinate the reflection of its members on these topics and will reply to all the consultations carried out by the IASB.

The Agenda Consultation

ACTEO reiterated its members request for a period of stability in the body of IFRS which would allow all constituents to integrate the recent major developments and allow the Board to complete the work it has started on the Conceptual Framework (in particular, the definition of performance) and Disclosures in a comprehensive and relevant manner.

As far as research projects are concerned, although there is agreement with some of the issues raised (equity accounting and IFRS 5, for example), ACTEO does not wish for a fundamental revision of the standards but rather an approach aimed at developing pragmatic improvements in areas already identified.

EFRAG has just completed its first twelve months since its reorganisation. On this occasion the EFRAG Board is reflecting upon its operational effectiveness and the perception of the EFRAG organization that its external constituents might have. Patrice Marteau, Chairman of ACTEO and member of the EFRAG Board has provided us with the following thoughts in this regard:

1. The EFRAG Board is extremely technically-orientated and should better take into account the economic and political stakes affected by the standards;
2. EFRAG must accept that it should be the voice of all the constituents; a single voice, admittedly, but a consensual voice;
3. The initial refusal of the regulatory bodies to join the Board has led to an imbalance in its representation, with representatives of 8 national standard setters out of a total of 16 members. Moreover, the role of observer that the regulators occupy should be clarified.

EFRAG is still looking for a Board Chairman who will, we hope, provide the economic and political awareness that is not sufficiently present today. In the meantime, Roger Marshall, the UK standard setter, continues to fulfil this role effectively.

>> ENDORSEMENT OF IFRS 9

EFRAG is pursuing its work in view of the endorsement of IFRS 9. It maintains its focus on the issue of the insurers who do not wish to adopt the standard before they are able to identify with certainty the requirements for the recognition of their insurance liabilities.

ELECTRONIC FILING

In its response to the recent consultation by ESMA, ACTEO is opposed to the mandating of electronic reporting such as XBRL for the constituent elements of the annual report.

We are of the view that the European Commission should complete its cost / benefit study which today does not provide sufficient evidence to justify such a major investment for entities.

On the assumption that use of XBRL will nevertheless be made compulsory, once again ACTEO will try to assist its members in its implementation. We have therefore organized an educational session with XBRL France and the accounting firm PwC.

 **FOCUS THE GOUVERNANCE OF IASB**

The IFRS Trustees have recently consulted constituents about, amongst other matters, the possibility of reducing the number of IASB Board members from 16 to 13.

ACTEO is opposed to this reduction whose primary motivation seems to be budgetary considerations (in particular, the reluctance of the United States to fund their share of the financing) rather than a real drive for effectiveness.

In this context, ACTEO thinks that the Trustees should above all ensure that participation in the decision-making bodies of the IASB is conditional both on actual funding by states and on their official adoption of full IFRS.



A meeting was held with Philippe Danjou of the IASB on 28 September to exchange views on the Conceptual Framework.



On 6 October members were able to meet Patrick de Cambourg, the new Chairman of the ANC.



Andrew Watchman has been named the new Chairman of the Technical Expert Group of EFRAG. He will replace Françoise Flores who has run the TEG since 2010 and was responsible for the successful transition of EFRAG following the implementation of the Maystadt proposals.



8 March 2016: next meeting on the implementation issues with IFRS 15 (Revenue).

22 March 2016: educational meeting with XBRL and PwC on electronic reporting.

29 March 2016: first meeting of the workgroup on the application of IFRS 16 (Leases).

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