



Association pour la participation des  
entreprises françaises à l'harmonisation  
comptable internationale



The Chairman of the  
IFRS Board  
Columbus Building, 7  
Westferry Circus  
Canary Wharf  
London E14 4HD.

30 July 2019

**Re: ED “Annual Improvements to IFRS standards 2018-2020”**

Dear Mr Hoogervorst,

We are pleased to provide comments on the Exposure Draft (ED) “Annual Improvements to IFRS standards 2018-2020” published by the Board of the IASB in May 2019.

Board’s proposal to amend IFRS 9 and IAS 41:

We do not have specific comment on the Board’s proposals to amend IFRS 9 and IAS 41 as described in the Exposure Draft.

Board’s proposals to amend IFRS 16:

With regards to the proposed amendments to IFRS 16, we do not agree with the Board’s proposal to remove in the Example 13 the illustration of payments from the lessor relating to leasehold improvements. We think that Example 13 provides useful information by clearly indicating that those payments should not be accounted for as a lease incentive (i.e. should not be included as a deduction of the right-of-use asset).

We note that if the Board’s proposals were approved, there would be no reference in IFRS 16 and accompanying documents to the accounting for those payments. We think that this would add confusion on whether those payments meet the definition of a lease incentive.

We think that some may consider that those payments meet the definition of a lease incentive as defined in IFRS 16. Indeed, we note that a lessee accounts for costs relating to leasehold improvements as a PP&E in accordance with IAS 16. As a result, payments from the lessor in relation to leasehold improvements may be considered as a (partial or total) reimbursement of costs incurred by the lessee associated with a lease.

As a result, we would rather suggest that the Board maintain the indication that those payments do not meet the definition of a lease incentive and clarify the illustration provided in example 13.

**Board's proposals to amend IFRS 1-Cumulative Translation Differences (CTDs):**

On our reading of the Basis for Conclusion, we understand that the purpose of this amendment is to reduce costs for users by allowing additional relief for subsidiaries that become first-time adopters. However, the way the amendment is drafted does not allow additional relief but modifies the existing ones. In fact, because the Board proposes to amend paragraph D16 instead of amending paragraphs D12 -D13 which deal specifically with CTDs, an entity still has only two choices:

Use consolidated amounts for all assets, liabilities AND cumulative translation differences or  
Apply the rest of IFRS 1 for all assets, liabilities AND cumulative translation differences (and hence use the relief provided in D13 for CTA).

By including CTDs in paragraph D16 the Board is restricting the options available for assets and liabilities. This means that if an entity wishes to use the exemption for CTD provided in D13, it could no longer use the relief provided in D16(a) for assets and liabilities.

We therefore wonder whether a better solution would be to modify D13 by adding a third solution for CTD in the specific case of a subsidiary becoming a first-time adopter. We think that this would be effective in achieving the objective of reducing costs for preparers.

If you require any clarification or information, please do not hesitate to contact us.

Yours sincerely,

ACTEO

Patrice MARTEAU  
Chairman



AFEP

François SOULMAGNON  
Director General



MEDEF

Agnès LEPINAY  
Director of economic and financial  
affairs

