



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



**AFEP**

ASSOCIATION FRANÇAISE DES ENTREPRISES PRIVÉES

IASB  
30 Cannon Street  
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Paris, Monday, 12 March 2012

*Re: ED/ 2011/7 Transition Guidance (proposed amendments to IFRS 10)*

We welcome the opportunity to comment on the exposure draft "Transition guidance – amendment to IFRS 10" published in December 2011 (the ED).

Although we have no specific comments on the proposed amendments, we would like to benefit from this consultation to express some of our concerns about some of the provisions for transition.

As we have already explained in a letter addressed to the Board in December 2010, we were quite disagreeably surprised by the definitive transitional provisions compared to those described in ED 10, as we fully shared the conclusion the Board reached in the Basis for Conclusion of that exposure draft: "retrospective application might prove extremely difficult, if not impossible".

We believe that the arguments stated in paragraphs ED 10.BC150 and ED 10.BC151 are still valid and we ask the Board to consider providing more relief for retrospective application. This could be done, for example, by not referring to the very narrow possibility offered by IAS 8 to demonstrate the impracticability (every reasonable effort), but instead by developing a specific criterion for this circumstance which would allowed an entity to use only readily available information. Another solution would be to refer to the conclusions reached in providing the exemptions in IFRS 1 which are still valid: restatement of past Business combinations is conceptually preferable, although for cost-benefit reasons, this should only be permitted but not required (with perhaps some limits to this election as provided today in paragraph C1 of IFRS 1).

Still concerning the restatement of past Business combination, we believe that the standard should clearly specify which version of IFRS 3 the entity should apply: the revised IFRS 3 (2008) version or the former IFRS 3 (2004), as the new one should only be applied prospectively to new business combinations for which the date of acquisition is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009.

The current wording of paragraph C4 can be read to mean that IFRS 3 accounting should be applied to all businesses not previously consolidated. It should however be specified that the investee could be a business that was not previously acquired but rather created by the controlling group. In our view, in such a situation there is not a business combination to restate. IFRS 3 should therefore not be applied and the restatement should therefore be in accordance with paragraph C4 (b).

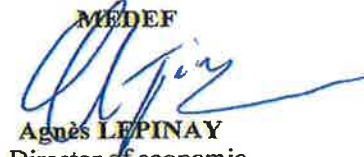
We would also like to comment on the inconsistency between this transition guidance and the one proposed for IFRS 11 Joint Arrangements. Actually we wonder why some relief provided for IFRS 10 has not been proposed for joint operations, such as, for example, the transition relief in paragraph C3(b) which applies to interests that were disposed of before the date of initial application.

Concerning the mandatory effective date, we regret that the Board did not accede to EFRAG's request to defer this date for at least one year, as, in our view, this may lead to a European carve-out concerning the mandatory effective date.

Finally, for all forthcoming major standards, we believe that the Board should provide a minimum of two years between from the date of publication and the mandatory effective date. This would allow one year dedicated to the understanding of the standard and preparation for its implementation and one year for the collection of the information required for the comparative year(s).

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