Effects of using International Financial Reporting Standards (IFRS) in the EU: public consultation

Fields marked with * are mandatory.

Impact of International Financial Reporting Standards (IFRS) in the EU: public consultation

Purpose of the consultation

The European Commission is holding a public consultation to seek views from all interested parties on their experience of Regulation 1606/2002 ("the IAS Regulation"). The results of this public consultation will feed into the European Commission's evaluation of the IAS Regulation.

Background

Applying internationally accepted standards - the International Financial Reporting Standards (IFRS) – means standardising companies' financial reporting to make financial statements more transparent and comparable. The ultimate aim is for the EU capital market and the single market to operate efficiently.

Scope of the IAS Regulation

The IAS Regulation states that the IFRS must be applied to the consolidated financial statements of EU companies whose securities are traded on a regulated EU market. EU countries may extend the application of IFRS to annual financial statements and non-listed companies (view an update on the use of options in the EU). The Transparency Directive (2004/109/EC), as subsequently amended, also stipulates that all issuers (including non-EU ones) whose securities are listed on a regulated market located or operating in an EU country must use IFRS.

Impact of the IAS Regulation

The implementation of IFRS in the EU has had an impact on cross-border transactions, trade, the cost of capital, investor protection, confidence in financial markets and stewardship by management. However, it is difficult to differentiate their impact from that of other significant factors, including other regulatory changes in the EU and internationally.

Developments since adoption

Over 100 countries now use IFRS. These accounting standards have been increasingly discussed at international level (e.g. G20, Basel Committee) and with various interested parties in the EU, especially in the wake of the financial crisis.

Several initiatives concerning technical issues and governance are under way at both international and EU level. In the EU, the Maystadt report's recommendations are being implemented. These are designed to strengthen the EU's contribution to achieving global and high quality accounting standards by beefing up the role of the European Financial Reporting Advisory Group (EFRAG), which advises the Commission on IFRS matters.

Current Commission evaluation

The Commission is evaluating the IAS Regulation to assess:

- IFRS's actual effects
- how far they have met the IAS Regulation's initial objectives
- whether these goals are still relevant
- any areas for improvement.

This consultation is part of the evaluation process. The questionnaire was drafted with the help of an informal expert group which is to assist the Commission throughout the process.

Target group(s)

Any interested party – commercial, public, academic or non-governmental, including private individuals.

Especially: capital market participants and companies preparing financial statements or using them for investment or lending purposes (whether or not they use IFRS).

Consultation period

7 August — 31 October 2014 (12 weeks).

How to submit your contribution

If possible, to reduce translation and processing time, please reply in one of the Commission's working languages (preferably English, otherwise French or German).

Contributions will be published on this website with your name (unless – in your response – you ask us not to).

N.B.: Please read the specific privacy statement to see how your personal data and contribution will be dealt with.

Reference documents and other, related consultations

- IAS/IFRS standards & interpretations
- IFRS Foundation
- European Financial Reporting Advisory Group (EFRAG)
- Commission reports on the operation of IFRS

Results of public consultation & next steps

The results will be summarised in a technical report and will feed into the evaluation report to be presented by the Commission in line with Article 9.2 of Regulation 258/2014.

Questions

Please note that some questions do not apply to all groups of respondents.

Who are you?

1. In what capacity are you completing this questionnaire?

If it's *not* on behalf of an organisation, please indicate that you are a "private individual".*

- (●) Company preparing financial statements *[some specific questions for preparers marked with 'P']*
- ( ) Company using financial statements for investment or lending purposes *[some specific questions for users marked with 'U']*
- ( ) A company that both prepares financial statements and uses them for investment or lending purposes *[some specific questions for preparers and users marked with 'P' and 'U']*
- ( ) Association
- ( ) Accounting / audit firm
- ( ) Trade union / employee organisation
- ( ) Civil society organisation / non-governmental organisation
- ( ) Research institution / academic organisation
- ( ) Private individual
- ( ) Public authority *[one specific question for public authorities marked with 'PA']*
- ( ) Other

1.1. (As a) company preparing financial statements - please specify*

- (●) Industry
- ( ) Financial services

1.1.1. Industry - please specify*

- ( ) Consumer goods
- ( ) Energy
- ( ) Healthcare
- ( ) Manufacturing
- ( ) Information technology
- ( ) Materials
- ( ) Telecommunications
- ( ) Utilities
- (●) Other

1.1.1.1. Other industry - please specify*

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Hospitality
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2. Where is your organisation/company registered, or where are you are located if you do not represent an organisation/company? Select a single option only.*

- ○ EU-wide organisation
- ◉ Global organisation
- ○ Austria
- ○ Belgium
- ○ Bulgaria
- ○ Croatia
- ○ Cyprus
- ○ Czech Republic
- ○ Denmark
- ○ Estonia
- ○ Finland
- ○ France
- ○ Germany
- ○ Greece
- ○ Hungary
- ○ Ireland
- ○ Italy
- ○ Latvia
- ○ Lithuania
- ○ Luxembourg
- ○ Malta
- ○ The Netherlands
- ○ Poland
- ○ Portugal
- ○ Romania
- ○ Slovakia
- ○ Slovenia
- ○ Spain
- ○ Sweden
- ○ United Kingdom
- ○ Norway
- ○ Iceland
- ○ Liechtenstein
- ○ Other European country
- ○ Other

3. What is the name of the organisation or authority you represent? If you are part of a group, give the name of the holding company as well.*

ACCOR SA

4. In the interests of transparency, we ask organisations to supply relevant information about themselves by registering in the Transparency Register (http://ec.europa.eu/transparencyregister). If your organisation is not registered, your submission will be published separately from those of registered organisations. Is your organisation registered in the European Parliament/Commission Transparency Register?*

- ○ Yes
- ◉ No

5. In the interests of transparency, your contribution will be published on the Commission's website. How do you want it to appear?*

- ◉ Under the name supplied? (*I consent to the publication of all the information in my contribution, and I declare that none of it is subject to copyright restrictions that would prevent publication.*)
- ○ Anonymously? (*I consent to the publication of all the information in my contribution except my name/the name of my organisation, and I declare that none of it is subject to copyright restrictions that would prevent publication.*)

P.1. Are you completing the questionnaire with reference to:*

- ☑ a company with securities traded in a regulated capital market
- ☐ a company listed in a non-regulated capital market
- ☐ a non-listed company
- ☐ other

P.1.1 You may select more than one option in the case of dual or cross-listed companies.*

- ◉ in one EU country
- ○ in more than one EU country
- ○ in non-EU countries

P.2. What size is your company? *

Categories of companies and groups are defined by Article 3 of Directive 2013/34/EU of the European Parliament and the Council of 26 June 2013 (http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2013:182:0019:0076:EN:PDF)

Companies

- **Small companies** fall below at least 2 of the following 3 criteria:
(a) balance sheet total: EUR 4 000 000
(b) net turnover: EUR 8 000 000
(c) average number of employees during the financial year: 50.

- **Medium-sized companies** fall below at least 2 of the following 3 criteria:
(a) balance sheet total: EUR 20 000 000
(b) net turnover: EUR 40 000 000
(c) average number of employees during the financial year: 250.

- **Large companies** exceed at least 2 of the following 3 criteria:
(a) balance sheet total: EUR 20 000 000
(b) net turnover: EUR 40 000 000
(c) average number of employees during the financial year: 250.

Groups

- **Small groups** consist of parent and subsidiary companies to be consolidated and which, on a consolidated basis, fall below at least 2 of the following 3 criteria on the parent company's balance sheet data:
(a) balance sheet total: €4 000 000
(b) net turnover: €8 000 000
(c) average number of employees during the financial year: 50.

- **Medium-sized groups**, on a consolidated basis, fall below at least 2 of the following 3 criteria on the balance sheet data of the parent company:
(a) balance sheet total: €20 000 000
(b) net turnover: €40 000 000
(c) average number of employees during the financial year: 250.

- **Large groups** exceed the limits, on a consolidated basis, of at least 2 of the following 3 criteria on the balance sheet data of the parent company:
(a) balance sheet total: €20 000 000
(b) net turnover: €40 000 000
(c) average number of employees during the financial year: 250.

- ○ small or medium-sized
- ◉ large

P.3. How international are your activities in terms of operations, suppliers and customers? You may give more than one answer.*

- ☐ National
- ☐ EU-wide
- ☑ International

P.3.1. International – please specify.

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Present in 92 countries
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P.4. Your company / group:

All questions relate to "IFRS as adopted in the EU" and not to "IFRS for small and medium businesses" (the latter was not adopted at EU level). You may select more than one option.

- [x] is required to apply IFRS
- [ ] applies IFRS on a voluntary basis
- [ ] is a non-IFRS reporter

P.4.1. is required to apply IFRS - please specify.*

- (•) for consolidation purposes
- ( ) for individual annual financial statements
- ( ) for both consolidation purposes and individual annual financial statements

Relevance of the IAS Regulation

Objective

6. The rationale for the IAS Regulation, imposing internationally accepted standards - the International Financial Reporting Standards (IFRS) - was to make companies use the same set of accounting standards, thus ensuring a high level of transparency and comparability of financial statements. The ultimate aim was to make the EU capital market and the single market operate efficiently.

In your view, are the Regulation's objectives still valid today?*

- (•) Yes
- ( ) No
- ( ) No opinion

6.1. Comments.

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The objectives of transparency and comparability are still valid today
and the convergence with other standards - in particular US GAAPs -
should be reinforced for even more comparability worldwide.
We hope that a point of convergence will be found for the lease project,
although the quality of the standards should prevail.

We are not able to assess the effect of IFRS on the efficiency of the EU
capital market and of the single market, we have not noticed any major
impact.
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7. The IAS Regulation refers to IFRS as a set of global accounting standards. Over 100 countries use or permit the use of these standards. The US, for instance, allows EU companies listed in the US to report under IFRS. However, it continues to rely on its "generally accepted accounting principles" (GAAPs) for its domestic companies' financial statements, while the EU requires IFRS to be used for the consolidated accounts of EU listed companies.

Has the IAS Regulation furthered the move towards establishing a set of globally accepted high-quality standards?*

- (●) Yes
- ( ) No
- ( ) No opinion

7.1. Please explain.

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See 6.1
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Scope

8. The obligation to use IFRS as set out in the IAS Regulation applies to the consolidated financial statements of EU companies whose securities are traded on a regulated market in the EU. There are about 7,000 such firms.
In your view, is the current scope of the IAS Regulation right (i.e. consolidated accounts of EU companies listed on regulated markets)?*

- ○ Yes
- ◉ No
- ○ No opinion

8.1. How would you propose it be changed?*

- ☐ By making IFRS compulsory for the individual annual accounts of listed companies on regulated markets
- ☐ By making IFRS compulsory for the consolidated accounts of large non-listed companies
- ☑ By allowing any company to opt for reporting under IFRS
- ☐ Other

8.2. Comments.

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It would be easier for us to be able to use IFRS both in individual
financial statements - currently in French GAAPs - and in consolidated
financial statements. We would also appreciate a greater convergence
between French GAAPs and IFRS.

We are aware that IFRS may be too complex for small companies so without
being compulsory, they could be optional.
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9. National governments can decide to extend the application of IFRS to:
- individual annual financial statements of companies listed on regulated markets
- consolidated financial statements of companies that are not listed on regulated markets
- individual annual financial statements of companies that are not listed on regulated markets.

In your view, are the options open to national governments:*

- ○ Appropriate
- ◉ Too wide
- ○ Too narrow
- ○ No opinion

9.1. Please give details.

See 8.2

Cost-benefit analysis of the IAS Regulation

10. Do you have pre-IFRS experience/ experience of the transition process to IFRS?*

- (●) Yes
- ( ) No

11. In your experience, has applying IFRS in the EU made companies' financial statements more transparent (e.g. in terms of quantity, quality and the usefulness of accounts and disclosures) than they were before mandatory adoption?*

- ( ) Significantly more transparent
- ( ) Slightly more transparent
- (●) No change
- ( ) Slightly less transparent
- ( ) Significantly less transparent
- ( ) No opinion

11.1. Please elaborate.

IFRS give more options on some topics (hypotheses to be taken) than our local GAAPs, which can sometimes be less transparent fo a user of financial statements as harder to apprehend.

12. In your experience, has applying IFRS in the EU altered the comparability of companies' financial statements, compared with the situation before mandatory adoption?

	Significantly increased	Slightly increased	No change	Slightly reduced	Significantly reduced	No opinion
In your country	○	○	○	◉	○	○
EU-wide	○	◉	○	○	○	○
Compared with non-EU countries	○	◉	○	○	○	○

12.1. Please elaborate.

In our country, companies that are not quoted on a stock-exchange keep applying French GAAP.

EU-wide, it is much easier to compare our financial statements to other companies applying IFRS as we are not necessarily familiar with other countries local GAAP - especially for comparison with our competitors.

13. Have financial statements become easier to understand since the introduction of IFRS, compared with the situation before mandatory adoption?*

- ◉ Yes, in general
- ○ Yes, but only in certain areas
- ○ No, in general
- ○ No, except in certain areas
- ○ No opinion

13.2. Please elaborate.

We find IFRS closer to the economic reality than our local GAAP, but they may be more complex for neophytes to understand.

14. Has the application of IFRS in the EU helped create a level playing field for European companies using IFRS, compared with the situation before mandatory adoption? *

- ○ Yes
- ◉ Yes, to some extent
- ○ No
- ○ No opinion

14.1. Please elaborate.

There are a common set of standards and thus a common language for countries applying them.

15. Based on your experience, to what extent has the application of IFRS in the EU affected access to capital (listed debt or equity) for issuers in domestic and non-domestic markets that are IFRS reporters?

	Made it a lot easier	Made it easier	No effect	Made it more difficult	Made it a lot more difficult	No opinion
Domestic capital	○	○	○	○	○	◉
EU capital other than domestic	○	○	○	○	○	◉
Non-EU capital	○	○	○	○	○	◉

16. In your experience, has the application of IFRS in the EU had a direct effect on the overall cost of capital for your company or the companies you are concerned with? (Please distinguish - as far as possible – the impact of IFRS from other influences, e.g. other regulatory changes in the EU and the international credit crunch and crisis.)*

- ○ Cost has fallen significantly
- ○ Cost has fallen slightly
- ○ No effect
- ○ Cost has risen slightly
- ○ Cost has risen significantly
- ◉ No opinion

17. In your view, has the application of IFRS in the EU improved protection for investors (compared with the situation before mandatory adoption), through better information and stewardship by management?*

- ○ Yes, to a great extent
- ◉ Yes, to a small extent
- ○ It had no impact
- ○ No, protection for investors has worsened
- ○ No opinion

17.1. Please provide data/ examples if available.

The application of IFRS gives more assurance for investors as they helped reached more comparability between companies.

However, IFRS have been so far relatively instable over time with frequent changes which are not always intuitive and that may prevent investors from fully understand financial statements.

18. In your view, has the application of IFRS in the EU helped maintain confidence in financial markets, compared with the likely situation if it had not been introduced?

(N.B.: the “enforcement” section of this questionnaire deals with how IFRS are/ were applied.)*

- ○ Yes, to a great extent
- ◉ Yes, to a small extent
- ○ It had no impact
- ○ No, confidence in financial markets has decreased
- ○ No opinion

18.1. Please provide data/ examples if available.

See 17

19. Do you see other benefits from applying IFRS as required under the IAS Regulation?*

- ○ Yes
- ○ No
- ◉ No opinion

20. In your experience, on balance and at global level, how do the benefits of applying IFRS compare to any additional costs incurred – compared with the situation before mandatory adoption, bearing in mind the increasing complexity of businesses that accounting needs to portray?*

- ○ Benefits significantly exceed the costs
- ○ Benefits slightly exceed the costs
- ◉ Benefits and costs are broadly equal
- ○ Costs slightly exceed the benefits
- ○ Costs significantly exceed the benefits
- ○ No opinion

20.1. Please provide any additional comments you think might be helpful.

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Recently, the cost-benefit trade-off has been less respected with
frequent changes in standards, and standards that appear complex to
implement and less intuitive.
The lease project for instance, if it was to be implemented would be
relatively costly to implement for little improvement compared to
current IAS 17.
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P7+U4. Has the application of IFRS in the EU influenced the need for other non-IFRS based information ("non-GAAP" information) to explain companies' financial performance, compared with the situation before mandatory adoption?*

- ○ Significantly increased
- ○ Slightly increased
- ○ No change
- ○ Slightly reduced
- ○ Significantly reduced
- ◉ No opinion

P.8. In your experience, is the ongoing application of IFRS costing you more than compliance with alternative standards would have done?

By this we mean: Does it significantly change any administrative, compliance or other costs incurred by your company (e.g. IT developments, costs for additional staff, training, advisory services, external audit, additional expertise/valuation), when compared with other costs that your company would otherwise have incurred to comply with alternative standards (excluding costs arising from the initial transition to IFRS)?*

- ○ Increased by large amount
- ◉ Slightly increased
- ○ No change
- ○ Slightly reduced
- ○ Reduced by a large amount
- ○ No opinion

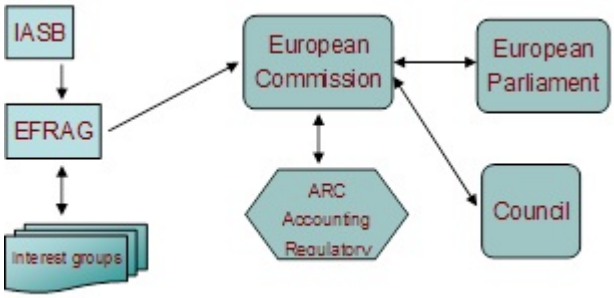
P.9. In your experience, have the costs of IFRS preparation changed significantly over time for your company since you adopted IFRS (e.g. IT developments, cost of additional staff, training, advisory services, external audit, additional expertise/valuation) – when compared with other costs that your company would otherwise have incurred to comply with alternative standards?

Please take into account any impact that regular amendments may have had on existing standards or the introduction of new standards by the International Accounting Standards Board (IASB).*

- ○ Increased by large amount
- ◉ Slightly increased
- ○ No change
- ○ Slightly decreased
- ○ Decreased by a large amount
- ○ No opinion

Endorsement mechanism & criteria

The EU's IFRS endorsement process



In the EU, IFRS are adopted on a standard-by-standard basis. The procedure is as follows:

- The International Accounting Standards Board (IASB) issues a standard.
- The European Financial Reporting Advisory Group (EFRAG) holds consultations, advises on endorsement and examines the potential impact.
- The Commission drafts an endorsement regulation.
- The Accounting Regulatory Committee (ARC) votes and gives an opinion.
- The European Parliament and Council examine the standard.
- The Commission adopts the standard and publishes it in the Official Journal.

This process typically takes 8 months.

Endorsement criteria

Under Article 3.2 of the IAS Regulation, any IFRS to be adopted in the EU must:

- be consistent with the "true and fair" view set out in the EU's Accounting Directive
- be favourable to the public good in Europe
- meet basic criteria on the quality of information required for financial statements to serve users (i.e. statements must be understandable, relevant, reliable and comparable, they must provide the financial information needed to make economic decisions and assess stewardship by management).

In his October 2013 report, Mr Maystadt discussed the possibility of clarifying the "public good" criterion or adding 2 other criteria as components of the public good, namely that:

- any accounting standards adopted should not jeopardise financial stability
- they must not hinder the EU's economic development.

He also suggested that more thorough analysis of compliance with the criteria of prudence and respect for the public good was needed.

21. In the EU, IFRS are adopted on a standard-by-standard basis. The process, which typically takes 8 months, is as follows:

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- The Accounting Regulatory Committee (ARC) votes and gives an opinion.
- The European Parliament and Council examine the standard.
- The Commission adopts the standard and publishes it in the Official Journal.

Do you have any comments on the way the endorsement process has been or is being conducted (e.g. in terms of the interaction of players, consistency, length, link with effective dates of standards, outcome, etc.)?*

We are pleased with the potential empowerment of the EFRAG thanks to the implementation of Maystadt report as we find that the EU influence on the elaboration of the standard has been too limited so far.

We would rather push for the European Union (with EFRAG) to have an influence during the elaboration of standards rather than considering the carving-out of standards which could not be a good solution as going against the principle of comparability of financial statements around the world.
However, we must absolutely keep the option to have a carve-out if the standards did not meet the objectives set in the EU's Accounting Directive here under (see 22).

22. Under Article 3.2 of the IAS Regulation, any IFRS to be adopted in the EU must:

- be consistent with the "true and fair" view set out in the EU's Accounting Directive
- be favourable to the public good in Europe
- meet basic criteria on the quality of information required for financial statements to serve users (i.e. statements must be understandable, relevant, reliable and comparable, they must provide the financial information needed to make economic decisions and assess stewardship by management).

Are the endorsement criteria appropriate (sufficient, relevant and robust)?*

- ○ Yes
- ◉ Yes, to some extent
- ○ No
- ○ No opinion

22.1. *In his October 2013 report, Mr Maystadt discussed the possibility of clarifying the "public good" criterion or adding 2 other criteria as components of the public good:*

- *that any accounting standards adopted should not jeopardise financial stability*
- *that they must not hinder the EU's economic development.*

Please give any suggestion(s) you may have for additional criteria.

- [x] Not jeopardising the EU's financial stability
- [x] Not hindering economic development in the EU
- [ ] Not impeding the provision of long-term finance
- [x] More explicit reference to the concept of prudence
- [ ] Consistency with other adopted IFRS
- [x] Criterion concerning simplicity/proportionality
- [ ] Other

22.2. Comments.

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It is also important according to us to always consider the cost-benefit
trade-off that the implementation of a new standard would imply. See
20.1.
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23. There is a necessary trade-off between the aim of promoting a set of globally accepted accounting standards and the need to ensure these standards respond to EU needs. This is why the IAS regulation limits the Commission's freedom to modify the content of the standards adopted by the IASB.

Does the IAS Regulation reflect this trade-off appropriately, in your view? *

- ○ Yes
- ◉ No
- ○ No opinion

23.1. If not, do you think the IAS Regulation should allow the Commission more leeway to modify standards adopted by the IASB? What conditions should be stipulated?*

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Indeed, the Commission should be able to amend a standard and to keep an
existing standard slightly amended if it is in its interest of the EU
and in line with the adoption criteria that are set.
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24. Have you experienced any significant problems due to differences between the IFRS as adopted by the EU and the IFRS as published by the IASB ("carve-out" for IAS 39 concerning macro-hedging allowing banks to reflect their risk-management practices in their financial statements)? *

- ○ Yes
- ◉ No
- ○ No opinion

Quality of IFRS financial statements

25. What is your overall opinion of the quality (transparency, understandability, relevance, reliability and comparability) of financial statements prepared by EU companies using IFRS?*

- ○ Very good
- ◉ Good
- ○ Moderate
- ○ Low
- ○ Very low
- ○ No opinion

25.1. Please provide any additional comments you think might be helpful.

We find that the overall quality of the standards is very good and reflects in a fair way the economic reality behind the financial statements.

The difficulty in our opinion relates to (i) the disclosures which are too numerous with not enough materiality thresholds involved and (ii) the assumptions that are aked to be taken and that are sometimes more difficult to understand for the users of financial statements.

In this way, we are very happy with the disclosure initiatitive as we are convinced that giving too much and sometimes useless information hinder the relevance of financial information.

26. Given that firms have complex business models and transactions, how would you rate financial statements prepared in accordance with IFRS in terms of complexity and understandability?*

- ○ Very complex & difficult to understand
- ○ Fairly complex & difficult to understand
- ◉ Reasonable
- ○ Not complex or difficult
- ○ No opinion

26.1. Please provide any further comments you think might be helpful, specifying any particular areas of accounting concerned, if appropriate.

27. How would you rate financial statements prepared using IFRS in terms of complexity and understandability – compared with other sets of standards you use?

	IFRS information is easier to understand than...	**IFRS information is neither easier nor more difficult to understand than …**	**IFRS information is more difficult to understand than …**	**No opinion**
Information under your local GAAPs	○	◉	○	○
Information under any other GAAPs	○	○	○	◉

27.1. What are your local GAAPs?

French GAAP

27.2. Please identify other GAAPs you are using as a basis for comparison.

27.3. Please provide any additional comments you think might be helpful.

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We find IFRS more complex than our local GAAPs.
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28. How do IFRS compare with other GAAPs in terms of providing a true and fair view of a company's (group's) performance and financial position?

	IFRS are better than...	IFRS are equivalent to...	IFRS are worse than...	No opinion
Your local GAAPs (as identified under question 27)	◉	○	○	○
Any other GAAPs (as identified under question 27)	○	○	○	◉

28.1. Please provide any additional comments you think might be helpful.

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We find IFRS GAAPs closer to the economic reality than our French GAAPs,
partly as they are more complete.
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29. How often is it necessary to depart from IFRS under “extremely rare circumstances” (as allowed by IFRS), to reflect the reality of a company’s financial performance and position in a fairer way?*

- ○ Often
- ○ Sometimes
- ○ Hardly ever
- ○ Never
- ◉ No opinion

30. How would you rate the extent to which IFRS allows you to reflect your company's business model in your financial statements?*

- ○ This is not an issue
- ○ IFRS are flexible enough
- ◉ IFRS should be more flexible, so different business models can be reflected
- ○ No opinion

30.1. Please explain.*

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IFRS can sometimes be another constraint for us to take into account
when we think about our business and can make us take some business
decisions (and strategic as well) that we might have not taken, had we
kept our local GAAPs.
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Enforcement

Since 2011, the European Securities and Markets Authority (ESMA) has been coordinating national enforcers' operational activities concerning compliance with IFRS in the EU. ESMA has taken over where the Committee of European Securities Regulators (CESR) left off.

Enforcement activities regarding companies listed on regulated markets are defined in the Transparency Directive (2004/109/EC , as subsequently amended).

31. Are the IFRS adequately enforced in your country?*

- ○ Yes
- ◉ Yes, to some extent
- ○ No
- ○ Not applicable
- ○ No opinion

31.1. Please provide any additional comments you think might be helpful.

The French regulator pays attention to the correct implementation of IFRS in France and gives additional guidance, in line with ESMA's guidelines.

We would just like to remind that most of our competitors are in the United States and there is a dichotomy between our disclosures obligations and their disclosures obligations ; we have to give very detailed information so once again :we appreciate a lot the disclosure initiative and we hope that it will lighten our obligations.

32. Does ESMA coordinate enforcers at EU level satisfactorily? *

- ○ Yes
- ○ Yes, to some extent
- ○ No
- ○ Not applicable
- ◉ No opinion

33. Has enforcement of accounting standards in your country changed with the introduction of IFRS?*

- ○ Enforcement is now more difficult
- ◉ Enforcement has not changed
- ○ Enforcement is now easier
- ○ Not applicable
- ○ No opinion

33.1. Please provide any specific relevant examples.

34. In your experience, have national law requirements influenced the application of IFRS in the EU country or countries in which you are active? *

- ○ Yes, significant influence
- ○ Yes, slight influence
- ◉ No
- ○ No opinion
- ○ Not applicable

35. If you are aware of any significant differences in enforcement between EU countries or with other jurisdictions, do they affect your practice in applying IFRS or analysing financial statements? *

- ○ Yes, significantly
- ◉ Yes, but the impact is limited
- ○ No
- ○ No opinion
- ○ Not applicable

35.1. Please provide specific details.

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The enforcement can be different in various countries, sometimes being
more restrictive than others.
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36. The recitals of the IAS Regulation stress that a system of rigorous enforcement is key to investor confidence in financial markets. However, the Regulation contains no specific rules on penalties or enforcement activities, or their coordination by the EU.

Should the IAS Regulation be clarified as regards penalties and enforcement activities?*

- ○ Yes
- ◉ No
- ○ No opinion

37. Should more guidance be provided on how to apply the IFRS? *

- ○ Yes
- ◉ No
- ○ No opinion

Consistency of EU law

There are different types of reporting requirements in the EU (e.g. prudential requirements, company law, tax, etc.)

38. How would you assess the combined effects of, and interaction between, different reporting requirements, including prudential ones? *

We find that there is not enough interactions between the different regulations (tax, comany law) and IFRS rules. There is greater constraints and complexity and it becomes very difficult to follow and comply to all different regulations.

39. Do you see any tensions in interaction between the IAS Regulation and EU law, in particular:

	No	Yes	To some extent	No opinion
Prudential regulations (banks, insurance companies)	○	○	○	◉
Company law	○	◉	○	○
Other	○	○	○	◉

39.2. If you answered "yes" or "to some extent", please give details and state what the main effects of these tensions are.*

See 38

User-friendliness of legislation

All standards are translated into the official EU languages before they are adopted. The Commission also regularly draws up a consolidated version of the current standards enacted by the EU (http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:02008R1126-20130331:EN:NOT). The consolidated version does not include any standards that are not yet in force, but can be applied before the date of entry into force.

40. Are you satisfied with the **consolidated version** of *IFRS standards adopted by the EU*, which is not legally binding, or would you like to see improvements?

- ○ Satisfied
- ◉ Need for improvements
- ○ I wasn't aware of it
- ○ I don't use it
- ○ No opinion

40.1. Need for improvements - please specify.*

Unless we are mistaken, the last translated version of the combinated IFRS is dated 2008, whereas there were many changes of standards since 2008 so there is a need for new translations to be included each time a new standard is adopted by the EU.

If we happen to be mistaken, there should be more communication on the existing translations.

41. Are you satisfied with the quality of **translation** of IFRS into your language *provided by the EU* ?*

- ○ Yes
- ◉ Yes, to some extent
- ○ No
- ○ No opinion
- ○ Not applicable

41.1. Please give details.

Only the part A of the standard is translated, but not the basis for conclusions and the illustrative examples, which lacks sometimes.

General

42. Do you have any other comments on or suggestions about the IAS Regulation?

Thank you for your valuable contribution.

Contact

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