



December 31st 2015

Mr Hans Hoogervorst
Chairman
International Accounting Standards Board
30 Cannon Street
London EC4M 6XH
United Kingdom

Request for Views, 2015 Agenda Consultation

Comments by the French Society of Financial Analysts (SFAF) Financial Analysis and Accounting Commission

Dear Sir,

The French Society of Financial Analysts, SFAF (Société Française des Analystes Financiers) is pleased to submit its contribution as part of the consultation undertaken by the International Accounting Standards Board (IASB) on the Request for Views, 2015 Agenda Consultation.

SFAF represents more than 1,500 members in France and is itself a member of the European Federation of Financial Analysts Societies (EFFAS) which comprises 26 member organizations representing more than 16,000 investments professionals. Its Accounting and Financial Analysis Commission intends to represent analysts and fund managers in the debate on accounting standards. Financial analysts are among the principal users of corporate financial statements and therefore wish to express their opinion on the implementation of new or revised accountings standards.

For this reason, our Society, through its Accounting and Financial Analysis Commission, is keen to respond to your consultation on the Request for Views, 2015 Agenda Consultation.

One of the most important work IASB could do for users is improving IFRS 8 on segment reporting which introduced management approach. We still believe that this approach destroys what is so important for financial information, and in particular for segment reporting, that is to say comparability both over time and between companies in the same field. We have seen companies reporting segments that do not exist in the real world: no individual company involved only in such segments listed separately, and no single M&A deal involving such segments over the last ten years...We have seen companies completely changing segment reporting without changing (i.e. adding or selling) any activity. We also need to be able to compare performance when companies report similar activity, i.e. using a common IFRS measure; without that comparability would be misleading / impossible. We also remind the Board that the key benefit of IFRS is to bring comparability, and that the management approach clearly contradicts this. Segment reporting is absolutely key for analysts as it allows them to put figures in perspective with the knowledge they have of characteristics, trends,.. of each business. We strongly expect that the post-implementation review will lead to real improvements. The Board can refer to the SFAF comment letter to IASB, related to IFRS 8 Post Implementation Review and dated 30th November 2012.

IAS 1 has been discussed for many years without providing real improvements for users, whereas there is some strong demand for improvement. The focus on matters that were of little interest for users (comprehensive income,...) partly explains that there is still some room for some improvements. In particular, we would favour having a better granularity on the face of the main financial statements. We believe that some performance measure such as operating profit that are of great necessity among users of financial statements should be defined, which is currently not the case. We also believe that it would be better to remove some options regarding whether some items can be "operating" or "financing" in order to make comparison between companies more straightforward. Examples of options that are an issue for users include taxes and employee benefits. We consider therefore that including some guidelines to issuers would provide great benefits to users (in addition we would welcome an improvement of IAS19 standard, by providing in the notes to financial statements expected cash in and outflow and the maturity of the liabilities (e.g. over 5 year period)). We also consider that the presentation of the income statement by nature is more robust than the presentation by function and is therefore much preferred by users. More generally, we would suggest that the Board could use, as a starting point, a rather good work that was done by the French national standard setter CNC (now ANC) when listed companies moved to IFRS in which users of financial statements were involved.

Another standard that has to be reviewed is IFRS 3 (also after a post-implementation review) as we strongly believe that the underlying concepts are absolutely unconvincing: non-amortization of goodwill because it is "difficult" to set an amortization period is simply not acceptable, and the impairment test fails to test the goodwill acquired as it is mixed with later created goodwill since the acquisition and previously unrecognized goodwill for business created by the group. Moreover the fact that impairments are, very often, only realized years after the market is aware of the failed acquisition (frequently when the management is changed) demonstrates how useless the information created is (as it is only confirmatory). We also believe that users are completely puzzled by the full goodwill approach, and that in many occasions, it provides very counter-intuitive information. The Board can also refer to the SFAF comment letter to IASB, related to IFRS 6 Post Implementation Review and dated 16th June 2014.

In addition we believe that the cash flow statement (IAS 7), after the very good improvement suggested with the recent disclosure initiative, could still be improved for the benefit of users. In particular, we would suggest (like for IAS 1) a greater granularity and removing some options that

are limiting comparability. We also need a reconciliation between some parts of the statements of cash flow (such as working capital requirements or capex) and the balance sheets. Granularity of the statements of cash flow should therefore be homogeneous with statements of profit & loss and statement of financial position.

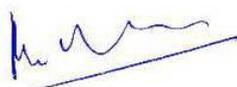
Finally with regard to the period length as proposed by IASB (2016-2020) we propose to have a mid-term review to ensure the program meets the needs of users.

We thank you for the opportunity given to us to provide our view on such important aspects of financial reporting for users. We really hope that the views of users will drive the work program of the IASB and remain available for any further information.

Yours faithfully,



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