

CONFÉRENCE CLEA-IAE LYON - 17 NOVEMBRE 2016 NORMES IFRS : ÉVOLUTION OU RÉVOLUTION (PASSÉE OU À VENIR)?

EXPOSE DE PHILIPPE DANJOU – QUESTIONS DE FRANCOIS LANTIN ET ERIC TORT



PREMIERE PARTIE – ETAT DES LIEUX ET AVENIR DE LA NORMALISATION IFRS EN 2016

- UN PEU D'HISTOIRE...
- PROGRES VERS UN GLOBAL STANDARD
- LES IFRS ET L'EUROPE
- IFRS ET PME



UN PEU D'HISTOIRE – DE L'IASC DE 1973 A L'IASB DE 2001

FROM IASC TO IASB...A STRATEGIC TURN WITH UNCHANGED OBJECTIVES

- **1973-1982: pioneering efforts towards harmonization**
 - IASC created in 1973
 - Initially only the 9 founding professional accountancy bodies, with a strong link to (but separate from) IFAC formed in 1977
 - First meeting 29 June 1973 in London
 - IAS 1 adopted in 1975
 - Comparing existing practices
 - Elimination of the more exotic methods – many options kept
 - Most difficult subjects not addressed (e.g financial instruments, pensions...)
 - Few companies really used IAS for reporting
- **1982-2000: Getting momentum and improving quality of standards**
 - Benchmarking phase, elimination of some options
 - Conceptual Framework : 1989
 - Establishing working links with FASB and IOSCO
 - More difficult standards adopted (IAS 17:1982 – IAS 19:1985 – IAS 39:1998..)
 - 1995: Improvements needed to be made to obtain IOSCO's endorsement
 - 1995-2000: program to obtain IOSCO's endorsement (→ recognition in Sydney,2000)
 - IAS still used on a voluntary basis, although internationally recommended. Many non American companies in EU and elsewhere reported under IFRS

FROM IASC TO IASB...A STRATEGIC TURN WITH UNCHANGED OBJECTIVES

- **2000 -2014: Political recognition and real impact of IAS-IFRS**
 - New IASB set up with support of IFI's and regulators – Constitution adopted May 2000 – new funding system
 - De facto became the worldwide standard setter – and political opposition become more visible
 - 2002 :Standards applied on a mandatory basis (EU Regulation I 606/2002, Directives on Prospectus and on Transparency – other jurisdictions dragged along) → Endorsement mechanisms set up in various jurisdictions
 - IAS become IFRS – envisages a wider scope of standard setting ?
 - IASB-FASB Convergence agreements (Norwalk, 2002 – MOU 2006)
 - 2007 : SEC Concepts Releases re possible adoption in the USA
 - 2007 : SEC lifts reconciliation requirement for Foreign Private Issuers
- **2016 : >10 years of reporting under IFRS** – where are we now in the globalization process?

PROGRES VERS UN GLOBAL STANDARD – SITUATION ACTUELLE

Afghanistan	Chile	Hungary	Mongolia	South Africa
Albania	China	Iceland	Montserrat	Spain
Angola	Colombia	India	Myanmar	Sri Lanka
Anguilla	Costa Rica	Indonesia	Nepal	St Kitts and Nevis
Antigua and Barbuda	Croatia	Iraq	Netherlands	St Vincent and the Grenadines
Argentina	Cyprus	Ireland	New Zealand	Suriname
Armenia	Czech Republic	Israel	Nicaragua	Swaziland
Australia	Denmark	Italy	Niger	Sweden
Austria	Dominica	Jamaica	Nigeria	Switzerland
Azerbaijan	Dominican Republic	Japan	Norway	Taiwan
Bahamas	Ecuador	Jordan	Oman	Tanzania
Bahrain	Egypt	Kenya	Pakistan	Thailand
Bangladesh	El Salvador	Korea (South)	Panama	Trinidad & Tobago
Barbados	Estonia	Kosovo	Paraguay	Turkey
Belgium	European Union	Latvia	Peru	Uganda
Belarus	Fiji	Lesotho	Philippines	Ukraine
Belize	Finland	Liechtenstein	Poland	United Arab Emirates
Bermuda	France	Lithuania	Portugal	United Kingdom
Bhutan	Georgia	Luxembourg	Romania	United States
Bolivia	Germany	Macao	Russia	Uruguay
Bosnia and Herzegovina	Ghana	Macedonia	Rwanda	Uzbekistan
Botswana	Greece	Madagascar	Saint Lucia	Venezuela
Brazil	Grenada	Malaysia	Saudi Arabia	Vietnam
Brunei	Guatemala	Maldives	Serbia	Yemen
Bulgaria	Guinea-Bissau	Malta	Sierra Leone	Zambia
Cambodia	Guyana	Mauritius	Singapore	Zimbabwe
Canada	Honduras	Mexico	Slovakia	
Cayman Is.	Hong Kong	Moldova	Slovenia	

Red = countries that require the use of IFRS for all or most publicly listed companies, based on survey of 138 countries, representing 97% of worldwide GDP

PROGRES VERS UN GLOBAL STANDARD

Region	Number of jurisdictions in the region	Number of jurisdictions that require IFRS for all or most domestic publicly accountable entities	Number of jurisdictions that require IFRS as % of total jurisdictions in the region	Number of jurisdictions that permit or require IFRS for at least some domestic publicly accountable entities, but not for all or most entities	Number of jurisdictions that neither require nor permit IFRS for any domestic publicly accountable entities	Total
Europe	42	41	97.6%	1	0	42
Africa	20	16	80.0%	1	3	20
Middle East	7	6	85.7%	1	0	7
Asia-Oceania	32	24	75.0%	3	5	32
Americas	37	27	73.0%	8	2	37
Totals	138	114	82.6%	14	10	138

IFRS ECONOMIC FOOTPRINT

- The total GDP (PNB) of jurisdictions which mandate IFRS for at least certain types of entities amounts to US\$ 40trn, more than 50% of global GDP
- The EU represents US\$ 17trn; other jurisdictions account for US\$ 23trn

CONVERGENCE US GAAP - IFRS

- **2002 post Enron, nouvelle ambiance aux USA**
- **Accord “de Norwalk” IASB/FASB en 2002**
- **Plan de travail précisé en Février 2006 par un MoU : ”A roadmap for Convergence between IFRS and US GAAP 2006-2008”**
 - **Eliminer differences**
 - **Aligner Agendas**
 - **Joint staff teams**
 - **Joint ou “modified joint” projects**
 - **IASB-FASB Board meetings communs bi annuels**
- ➔ **Ce programme a créé les conditions nécessaires à la reconnaissance aux USA...**
- ➔ **dont la perspective a motivé la position prise par plusieurs juridictions**

RECONNAISSANCE PARTIELLE PAR LES USA

- Avril 2005 – SEC Roadmap “A securities regulator looks at convergence” Don Nicolaisen, Chief Accountant
<http://www.sec.gov/news/speech/spch040605dtn.htm>
 - Avril 2007 – Sommet politique UE-US
 - Ete 2007- Deux propositions de la SEC (proposed release et concept release):
- 15/11/2007 – SEC release # 8879 (effectif à compter du 4/03/2008)
- Emetteurs étrangers (FPI) qui utilisent les normes IFRS publiées par l'IASB
 - Effet immédiat : plus de réconciliation avec US GAAP pour établir les form 20-F
- Et depuis, plus rien.....

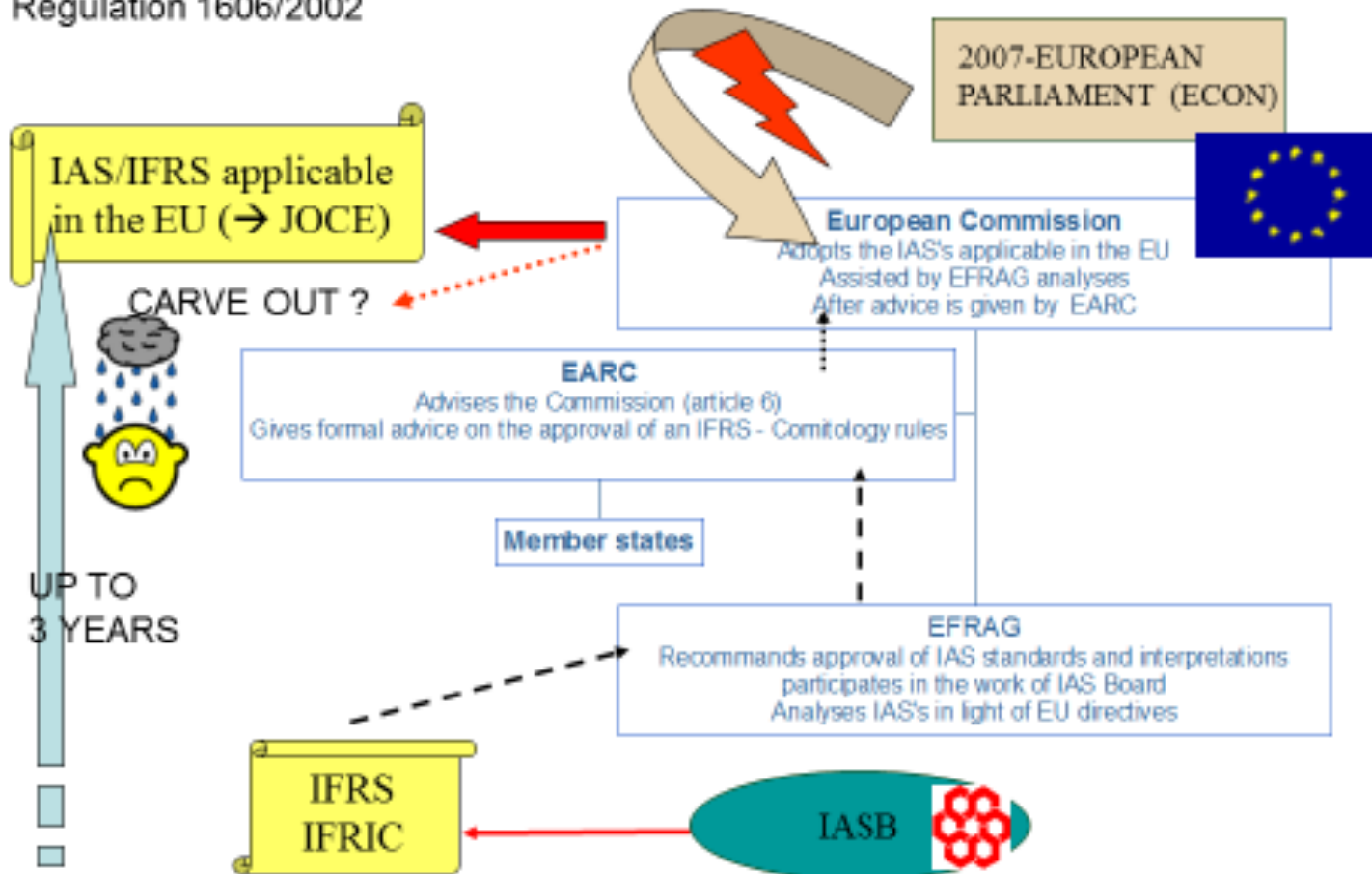
<http://www.sec.gov/rules/final/2007/33-8879.pdf>



LA MÉCANIQUE EUROPÉENNE D'ADOPTION DES IFRS

The EU endorsement mechanism

Regulation 1606/2002



L'EVALUATION DU REGLEMENT DE 2002 PAR LA COMMISSION EUROPEENNE APRES 10 ANS D'APPLICATION

Les répondants à la consultation conduite en 2015 par la Commission européenne pensent que :

- ✓ Les objectifs du Règlement de 2002 sont toujours pertinents, et ont été renforcés par la globalisation croissante de l'économie (95%)
- ✓ Les critères d'adoption (*endorsement*) par l'Europe restent appropriés (86%)
- ✓ L'adoption des IFRS en Europe a significativement favorisé la crédibilité et l'acceptation mondiale de ces normes (85%)
- ✓ Les états financiers des sociétés ont gagné en transparence (86%) et la qualité globale des comptes est maintenant bonne ou très bonne (75%)
- ✓ L'adoption des IFRS a créé un "*level-playing field*" pour les sociétés qui les utilisent (87%)
- ✓ La protection des investisseurs a été améliorée (71%)
- ✓ L'utilisation des IFRS a contribué à la confiance dans les marchés financiers (67%)
- ✓ En majorité, le champ d'application prévu par le Règlement reste approprié



EUROPEAN COMMISSION

The European Commission adopts report on use of International Financial Reporting Standards in the EU

Brussels, 18 June 2015

The European Commission has today adopted a report on the evaluation of its Regulation on the application of International Financial Reporting Standards ([IFRS](#)) which have been applicable to the consolidated financial statements of listed companies in the European Union since 2005.

The adoption of IFRS in the European Union was designed to improve the efficiency of EU capital markets by increasing the transparency and comparability of financial statements. IFRS are international accounting standards developed by a private organisation (the [IFRS Foundation](#)) and used by companies in more than 100 countries to prepare their financial statements.

The Commission's evaluation of the [IAS Regulation](#) assesses whether:

- the Regulation achieved its objective in an efficient and effective manner;
- the criteria that all new IFRS should meet to become EU law are appropriate and whether the process for adoption of standards works properly;
- the governance structure of the bodies developing the standards and advising the Commission is appropriate.

The evaluation attracted a high level of interest from a variety of stakeholders and their input provided useful evidence for the Commission.

The key findings showed that IFRS was successful in creating a common accounting language for capital markets. Companies were mostly positive about their experience of using IFRS and in most cases, benefits outweighed costs. Investors also largely supported IFRS for improving the transparency and comparability of financial statements. Most stakeholders considered that the process through which IFRS become part of EU law works well. Importantly, the recent reform of the European Financial Reporting Advisory Group ([EFRAG](#)), which is the technical advisor to the Commission in this field, will strengthen the EU voice in the international standard-setting process.

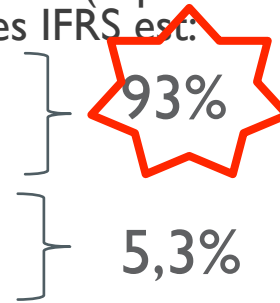
The report identifies room for improvement in some areas. The collaboration between actors in the endorsement process could be enhanced to improve timeliness and to allow for a more holistic consideration of standards with other aspects of EU law. IFRS issued by the IASB need to be endorsed by the Commission. An endorsement process remains necessary to ensure that the standards developed by a private body meet certain criteria and are fit for the European economy before becoming part of EU law. Procedures could also be simplified in order to reduce their complexity for companies.

This evaluation is part of the Commission's broader review of existing regulation, known as the

UNE VISION SYNTHÉTIQUE DE CETTE CONSULTATION (PROFESSEUR CHRIS NOBES, 25/01/2015*)

200 réponses au total, mais seulement 90% réellement exploitables (répondant suffisamment aux questions posées). Sur une base exploitable (100% = 180 réponses), la vision de l'apport des IFRS est:

- Enthousiaste : 45%
- Globalement positive : 48%
- Neutre : 1,7%
- Négative : 1,7%
- Très négative : 3,6%



Un nombre conséquent de répondants souhaite étendre le champ d'application du Règlement; par exemple :

- Comptes des sociétés cotées qui ne préparent pas de comptes consolidés
- Option société (plutôt qu'option Etat membre) d'appliquer les IFRS pour les comptes individuels

(*)

<http://www.pwc.com/gx/en/audit-services/corporate-reporting/publications/world-watch/articles/eu-committed-ifrs.jhtml>

IFRS POUR PME (IFRS FOR SME'S)

- PREMIER “IFRS FOR SME” EN 1999 ; SME = non publicly accountable entities (not for very small private entities or owner-managed entities)
 - PREMIERE MISE A JOUR EN 2015 (AMENDMENTS TO IFRS FOR SME – MAY 2015)
 - PROCHAINE REVISION DANS 5 ANS
- UTILISATION DANS LE MONDE ? Voir tableau suivant
- EN EUROPE ?
 - Non endosse par la CE
 - Evaluation d'éventuels conflits avec la Directive comptable - en principe neant avec nouvelle Directive comptable
 - Certains pays d'Europe ont transpose IFRS for SME dans leur droit comptable national
 - En France, pas d'appetit

APPLICATION D' IFRS FOR SME (SELON LA FONDATION IFRS)

SITUATION JURIDIQUE OU DE FACTO	NOMBRE DE JURIDICTIONS
UNE SME NON REQUISE D'APPLIQUER FULL IFRS DOIT UTILISER IFRS FOR SME	4
SME A LE CHOIX ENTRE FULL FRS ET IFRS FOR SME	56
SME A LE CHOIX ENTRE FULL IFRS, IFRS FOR SME OU LOCAL GAAP	23
TOTAL	83

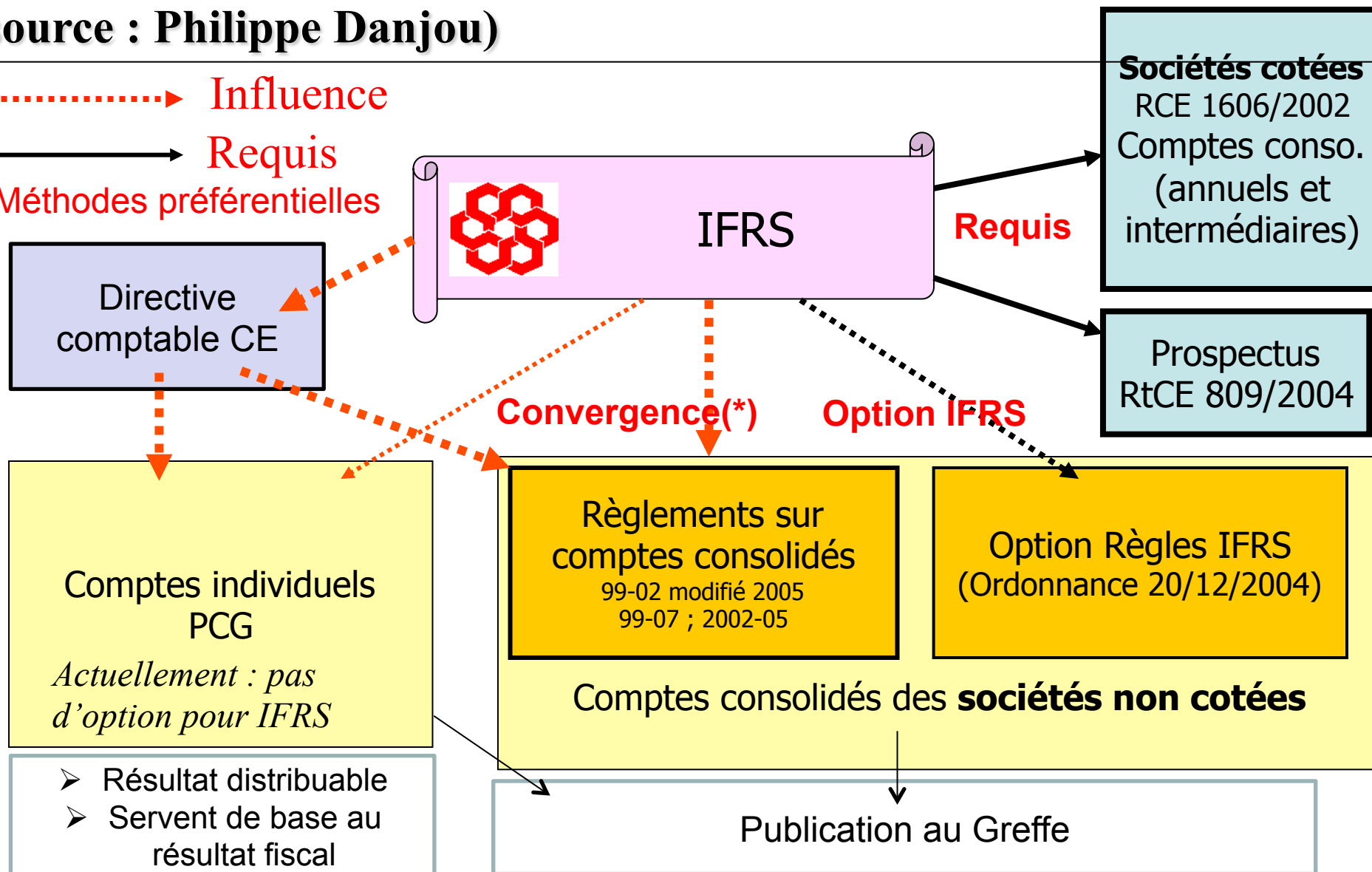
La place des IFRS dans les régimes d'information comptable et financière en France

(source : Philippe Danjou)

..... Influence

———— Requis

* Méthodes préférentielles



DEUXIEME PARTIE – FONCTIONNEMENT DE LA FONDATION IFRS

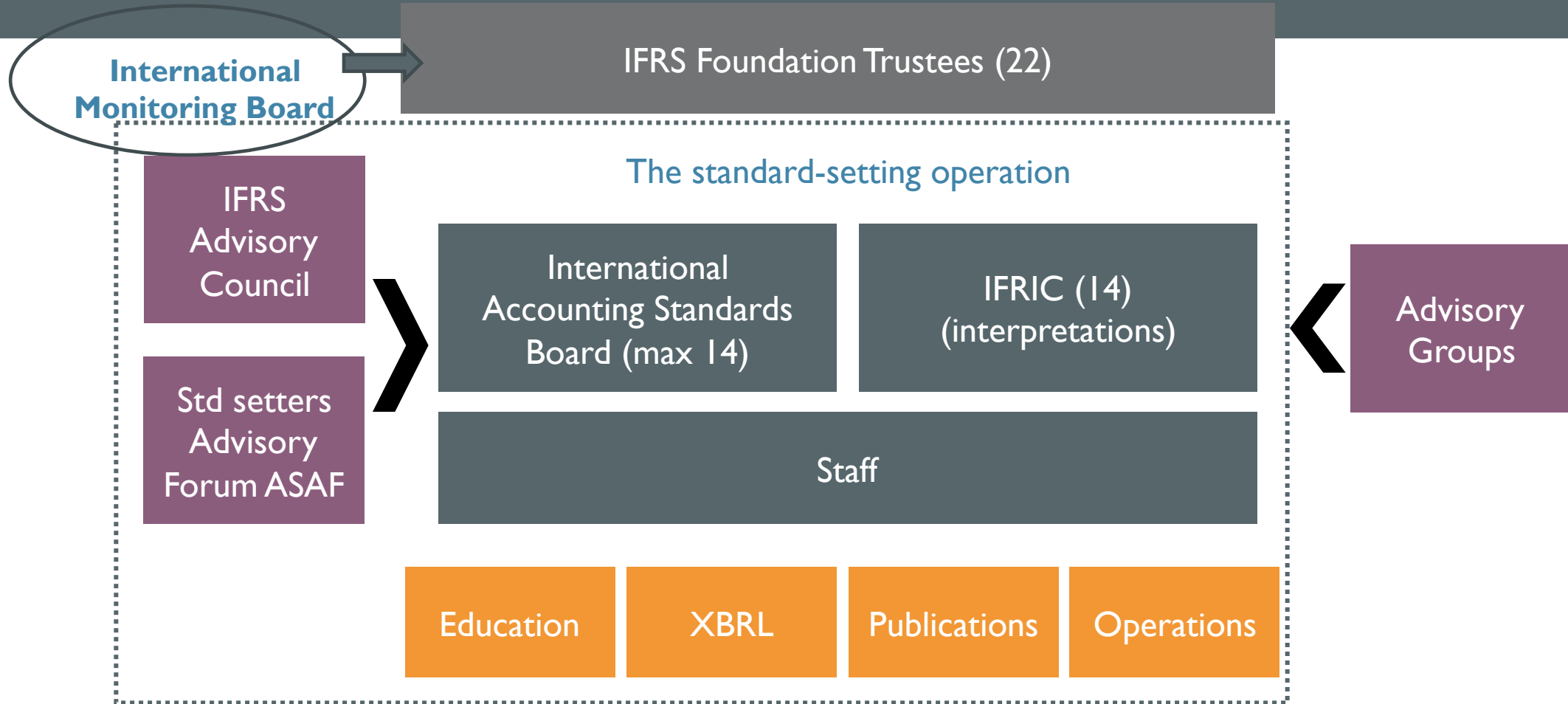
IFRS FOUNDATION “MISSION STATEMENT”

Financial reporting standards for the world economy:

“Our mission is to develop International Financial Reporting Standards (IFRS) that bring transparency, accountability and efficiency to financial markets around the world. Our work serves the public interest by fostering trust, growth and long-term financial stability in the global economy.”

PRIVATE ORGANIZATION, PUBLIC INTEREST MISSION

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THE MONITORING BOARD

The Monitoring Board was created in January 2009 with the aim of providing a formal link between the Trustees and public authorities in order to enhance the public accountability of the IFRS Foundation.

The Monitoring Board's main responsibilities are to ensure that the Trustees continue to discharge their duties as defined by the IFRS Foundation Constitution, as well as approving the appointment or reappointment of Trustees. The Monitoring Board meets the Trustees at least once a year, or more often if appropriate

The current members of the Monitoring Board are representatives of the Board and the Emerging Markets Committee of the International Organization of Securities Commissions (IOSCO), the European Commission (EC), Financial Services Agency of Japan (JFSA), US Securities and Exchange Commission (SEC), Brazilian Securities Commission (CVM), and Financial Services Commission of Korea (FSC). The Basel Committee on Banking Supervision participates in the Monitoring Board

http://www.iosco.org/about/?subsection=monitoring_board as an observer”

THE TRUSTEES

- The Trustees of the IFRS Foundation are responsible for the governance and oversight of the International Accounting Standards Board (the Board). The Trustees are not involved in any technical matters relating to the Standards. This responsibility rests solely with the Board.
- The Trustees are accountable to the Monitoring Board, a body of publicly accountable markets authorities.
- Trustees are appointed for a renewable term of three years. Each Trustee is expected to have an understanding of, and be sensitive to, international issues relevant to the success of an international organisation responsible for the development of high quality global accounting standards for use in the world's capital markets and by other users.
- Six of the Trustees must be selected from the Asia/Oceania region, six from Europe, six from North America, one from Africa, one from South America and two from the rest of the world.

THE IASB

- Makes standard setting decisions
- Assisted by a technical staff of approx. 50
- Responsible for setting the agenda of work after careful consultation
- Responsible for organizing consultation procedures (Due Process Handbook)
- Size of Board has varied over time, from 12 to 16 and will go back to a maximum of 14 (currently 11 members in office after I stepped down)
- 3 open positions + need to replace soon-to-leave members (2)
- Geographical and professional background distribution

THE IASB

“The International Accounting Standards Board (IASB) is an independent group of experts with an appropriate mix of recent practical experience in setting accounting standards, in preparing, auditing, or using financial reports, and in accounting education. Broad geographical diversity is also required”.

Proposed new geographical balance (as per Trustees proposal for a new Constitution)

Geographical zone	Number of IASB members
Asia/ Oceania	4
Europe	4
The Americas	4
Africa	1
“at large “ (when Board comprises 14 members)	1

LE BOARD

AU 01/11/2016

Name	Geographical distribution	Appointed	End of term
Hans Hoogervorst (Chairman)	At large	01/01/2011	30/06/2021
Sue Lloyd (Vice Chair)	At large	01/01/2014	31/12/2018 (R)
Stephen Cooper	Europe	01/08/2007	31/07/2017
Martin Edelmann	Europe	01/07/2012	30/06/2017 (R)
Amaro Gomes	South America	01/07/2009	30/06/2019
Gary Kabureck	North America	15/04/2013	30/06/2017 (R)
Tak Ochi	Asia-Oceania	01/07/2011	30/06/2019
Darel Scott	Africa	01/10/2010	30/06/2019
Chungwoo Suh	Asia-Oceania	01/07/2012	30/06/2017 (R)
Mary Tokar	North America	07/01/2013	30/06/2017 (R)
Wei-Guo Zhang	Asia-Oceania	01/07/2007	30/06/2017

IFRS CONSULTATION PROCESS



**Discussion
paper
“DP”**

**Comment
analysis**

**Exposure
Draft
“ED”**

**Comment
analysis**

**Final
standard
“IFRS”**

**Effective
date**

Research:

Standard setters,
EFRAG, and
others.

**Additional
input**

**Additional
input**

Feedback statement

**2 year post
implementation
review**

TROISIEME PARTIE –THEMATIQUES IFRS

- ACCOMPLISSEMENTS 2002-2016
- CONSULTATION 2015 SUR L'AGENDA
- PROGRAMME FUTUR DES TRAVAUX

ACCOMPLISSEMENTS 2002-2016

- 2001-2005: PREPARATION A L'ENTRÉE EN VIGUEUR DES IFRS
 - REPRISE par IASB des IAS 1 A 41
 - IFRS 1 – PREMIERE APPLICATION DES IFRS
 - IFRS 2 – STOCK OPTIONS (premiere convergence avec US GAAP)
 - IFRS 3 – BUSINESS COMBINATIONS (remplacement d'IAS 22)
 - IFRS 4 et 6 – NORMES D'ATTENTE SUR ASSURANCE ET INDUSTRIES EXTRACTIVES

- 2008- CRISE FINANCIERE !

In 2009, the G20 published a report - Declaration on Strengthening the Financial System – assessing the progress against each of the 47 actions set out in the Washington Action Plan that formed part of their commitment to reform the financial sector. The progress report included a range of reforms to be undertaken by regulators, credit rating agencies and standard-setters. The G20 called on the standard-setters to work with others to improve standards on valuation and provisioning and achieve a single set of high quality global accounting standards.

At subsequent summits in Pittsburgh (2009), Toronto (2010), Seoul (2010) and Cannes (2011) the G20 leaders reaffirmed their support for a single set of global accounting standards and for the completion of convergence of international and US accounting standards in pursuit of that objective.

ACCOMPLISSEMENTS 2002-2016

■ **REPONSES A LA CRISE FINANCIERE**

- IFRS 9 - INSTRUMENTS FINANCIERS
- IFRS 7 – DISCLOSURES SUR LES RISQUES LIES AUX INSTRUMENTS FINANCIERS
- IFRS 10, 11 ET 12 – “PACKAGE” CONSOLIDATION ET INFORMATION SUR SOCIETES LIEES
- IFRS 13 – APPLICATION DE LA JUSTE VALEUR

■ **CONVERGENCE MONDIALE –TRAVAUX EN COMMUN AVEC LE FASB**

- IFRS 3 REVISE – BUSINESS COMBINATIONS
- IFRS 5 –DISCONTINUED OPERATIONS
- IFRS 8 – SEGMENT REPORTING
- IFRS 15 –REVENUE FROM CONTRACTS
- IFRS 16 -LEASES

CONSULTATION 2015 SUR L'AGENDA DE L'IASB

- Received 119 comment letters; discussed in 30+ forums
- Focus on finishing Insurance contracts and Conceptual Framework
- Period of calm !
- Focus on implementation activities, rather than standards-level projects. Important implementation activities include:
 - support for new and recently-issued Standards;
 - maintenance activities; and
 - post-implementation reviews.
- Most respondents support our evidence-based approach

MESSAGES CLE

- Many respondents requested a stable platform:
- because change is a burden on all, especially small entities;
- to enable preparers to develop and enhance their reporting processes and systems;
- to allow stakeholders to implement new Standards.
- The level of change that will be required to implement IFRS 9 Financial Instruments, IFRS 15 Revenue from Contract with Customers and IFRS 16 Leases will be considerable
- Limitations on stakeholders' capacity for change is a key constraint on the Board's activities including 'outreach fatigue'

TRAVAUX 2017-2021

- PUBLICATION CADRE CONCEPTUEL REVISE
- NORME IFRS 17 CONTRATS D'ASSURANCE
- DISCLOSURE INITIATIVE
- SUITE DE LA REVUE POST-IMPLEMENTATION D'IFRS 3
- MAINTENANCE AND CLARIFICATION OF EXISTING IFRS
- TAXONOMY DES IFRS : EXTENSION AUX "COMMON PRACTICES" DANS CERTAINS SECTEURS TEST
- POURSUITE DES RECHERCHES SUR:
 - BUSINESS COMBINATIONS UNDER COMMON CONTROL
 - FINANCIAL INSTRUMENTS WITH CHARACTERISTICS OF EQUITY
 - DYNAMIC RISK MANAGEMENT HEDGING MODEL
 - GODWILL AND IMPAIRMENT

THEME CENTRAL 2017-2021 “ BETTER COMMUNICATION”

- The theme of Better Communication in financial reporting will include work on:
 - primary financial statements
 - the disclosure initiative, including principles of disclosure
 - the IFRS Taxonomy™
 - materiality
- The scope of some of these projects, such as primary financial statements, is still being developed. Other topics, such as materiality, are more advanced.
- Voir speech de Hans Hoogervorst “the next five years” sur le site web

The Disclosure Initiative

Disclosure Initiative

Completed projects

Ongoing activities

Implementation projects

Research projects

Amendments to IAS 1

Digital reporting

Proposed amendments to IAS 7 'debt reconciliation'

Distinction between a change in accounting policy and estimate

Materiality

Principles of Disclosure

Standards level review of disclosures / Drafting guide



IFRS®

individual
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feedback a
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feedback and comments