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PARIS, THE 14th MARCH 2012

Hans HOOGERVORST
Chairman
IASB
30 Cannon Street
LONDON EC4M 6XH
UNITED KINGDOM

Re : ED/2011/7 Transition Guidance – proposed amendments to IFRS 10

Dear Mr Hoogervorst,

I am writing on behalf of the Autorité des Normes Comptables (ANC) to express our views on the above-mentioned exposure draft (ED).

The IASB decided to propose an amendment to one of the new consolidation standards (IFRS 10) regarding the transition guidances.

As a preliminary remark, let me highlight again that the new consolidation standards (IFRS 10, 11 and 12 – not adopted in the EU as of today) raise several difficulties in practice, notably to determine which entities are controlled according to the new IFRS 10 definition (see our comment letter to ED 10 in March 2009). These difficulties may interact with this amendment proposed by the IASB.

The ANC agrees with the amendments proposed by the Board which, although very limited, provide welcome clarifications on transition guidance in IFRS 10.

However, we regret that other concerns raised by the new consolidation standards are not dealt with by the IASB. For instance, the interaction between the retrospective application of IFRS 10 and IFRS 3 raise several application issues (which version of IFRS 3 is required to be used retrospectively? how to apply IFRS 3 when the investee does not meet the definition of a business?).

Furthermore, for your reference, please find hereafter a link¹ to the letter we have just issued as regards the new consolidation standards more generally. In this letter we emphasize that we are not convinced by their usefulness and that conversely the risks they may trigger, notably in the wake of our experience of the recent financial crisis are significant.

Our detailed comments on the ED are set out in the Appendix to this letter.

If you have any questions concerning our comments, we would be pleased to discuss them.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Haas".

Jérôme HAAS

¹http://www.anc.gouv.fr/sections/textes_et_reponses_2/reponses_aux_questio/efrag/documents_2012/2012_3_8_anc_efrag/downloadFile/file/2012_3_8_ANC_EFRAG_package_consolidation.pdf?nocache=1331200857.01

Appendix
Detailed comments

Question 1

The Board proposes to clarify the ‘date of initial application’ in IFRS 10. The date of initial application for IFRS 10 would be ‘the beginning of the annual reporting period in which IFRS 10 is applied for the first time’. The Board also proposes to make editorial amendments to paragraphs C4 and C5 of IFRS 10 to clarify how an investor shall adjust comparative period(s) retrospectively if the consolidation conclusion reached at the date of initial application is different under IAS 27/SIC-12 and IFRS 10.

Do you agree with the amendments proposed? Why or why not? If not, what alternative do you propose?

We agree with the clarification of the “date of initial application” in IFRS 10 proposed by the Board.

Question 2

The Board proposes to amend paragraph C3 of IFRS 10 to clarify that an entity is not required to make adjustments to the previous accounting for its involvement with entities if the consolidation conclusion reached at the date of initial application is the same under IAS 27/SIC-12 and IFRS 10. As a result, the Board confirms that relief from retrospective application of IFRS 10 would apply to an investor’s interests in investees that were disposed of during a comparative period such that consolidation would not occur under either IAS 27/SIC-12 or IFRS 10 at the date of initial application.

Do you agree with the amendments proposed? Why or why not? If not, what alternative do you propose?

Although retrospective application is usually relevant and generally supported by the ANC, we agree with the relief proposed by the Board. It should avoid overwhelming costs for preparers in cases for which retrospective application would have a very limited usefulness.