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International Accounting Standards Board
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Re: *IASB Request for Views 2015 Agenda Consultation*

Dear Sir/Madam,

We are pleased to have the opportunity to provide our comments on *IASB Request for Views 2015 Agenda Consultation (RFV)*.

Our main findings are:

- to give highest priority in finalizing the projects included in the standard-setting level, especially the project on insurance contracts after thorough analyses are carried out;
- to improve the cooperation and synergies with National Standard Setters and other accounting bodies in order to move faster from the assessment stage of a project to a development stage, and ultimately to a standard-setting level;
- to include a project on separate financial statements on the IASB's agenda in order to clarify their role and provide a more robust basis for the preparation of separate financial statements.

Our detailed comments and responses are set out below.

The balance of the IASB's projects

Question 1

The IASB's work plan includes five main areas of technical projects:

- (a) its research programme;**
- (b) its Standards-level programme;**
- (c) the Conceptual Framework;**
- (d) the Disclosure Initiative; and**
- (e) maintenance and implementation projects.**

What factors should the IASB consider in deciding how much of its resources should be allocated to each area listed above?

The factors identified by the IASB to be considered in prioritising projects are all important and we agree with those listed. However, we think that other elements deserve to be taken into account in the decision regarding the IASB work plan and consequent allocation of resources. In particular, we suggest including the importance of the problem for jurisdictions, and especially for those that apply IFRSs, the lack of requirements/guidance in IFRSs and the development stage of the project in order to consider the amount of the work already done on it.

Moreover, a clear explanation of the assessments made by the IASB when it determines the priorities in its work plan would be useful to better understand its decisions.

Research projects

Question 2

The IASB's research programme is laid out in paragraph 32 and a further potential research topic on IFRS 5 is noted in paragraph 33. Should the IASB:

- (a) add any further projects to its research programme? Which projects, and why? Please also explain which current research projects should be given a lower priority to create the capacity for the IASB to make progress on the project(s) that you suggested adding.**
- (b) remove from its research programme the projects on foreign currency translation (see paragraphs 39–41) and high inflation (see paragraphs 42–43)? Why or why not?**
- (c) remove any other projects from its research programme?**

Question 3

For each project on the Research programme, including any new projects suggested by you in response to Question 2, please indicate its relative importance (high/medium/low) and urgency (high/medium/low).

Please also describe the factors that led you to assign those rankings, particularly for those items you ranked as high or low.

We note that the Research programme includes projects already present in the agenda at least from the previous Agenda consultation, therefore since 2011, and these projects have

progressed slowly during these years. We welcome the increase in resources allocated to research projects in the near future, as stated in the consultation document. However, we think that National Standard Setters and other accounting bodies can make an important contribution in this area.

In order to move faster from the assessment stage of a project to a development stage, and ultimately to a standard-setting level, the IASB should improve the synergies with these bodies, considering carefully the activity already carried on by them, in terms of discussion papers developed and evidence and inputs gathered. This material could represent a useful starting point for the subsequent work of the IASB. Working together, also giving them a part of the project to be developed, would allow topics in the agenda to be dealt with in a more efficient and rapid manner.

In the research agenda, there are two projects that remain high priority for Italian stakeholders and on which the OIC has in the past issued discussion papers, in the context of the proactive projects with EFRAG and other NSSs. We refer to BCUCC and Goodwill and Impairment projects.

With regard to the BCUCC project, we note that a DP is expected to be issued in 2016. As already commented in the past, the differences in practice across jurisdictions and the lack of accounting guidance in IFRSs on this subject highlight the urgency of addressing the topic. The treatment of these operations is an important issue both for consolidated and individual accounts. In order not to postpone the issue of the DP beyond the 2016, and in the light of the above mentioned synergies, the OIC would be pleased to provide its contribution.

The Goodwill and Impairment project has been added to the research agenda following the PIR of IFRS 3, and now the IASB is assessing how to address the issues identified in the PIR. The findings of the Discussion paper on this topic issued by the EFRAG, OIC and ASBJ show that the majority of respondents supported the reintroduction of the amortisation of goodwill, but also pointed out that there were areas for improvement in impairment testing. Given the evidence already gathered, both issues should be addressed promptly by the IASB.

We think that the PIR is a useful tool for IASB to be aware both of the implementation issues of a standard and of topics that could be further investigated in order to develop a research paper. In the past we welcomed the introduction of this step in the due process. However, it is not clear why if through the PIR there is evidence of problems, this is not sufficient in some cases to begin a standard-level project instead of starting from a research project. We think that the IASB should address the issues arising from the PIR in a standard-level project.

Regarding the PIR, we support the timing indicated for conducting it, i.e. normally two years after the application. However, despite this normal due process, if an "old" standard has created many implementation issues, the IASB should assess if a PIR should be conducted.

In this regard, we observe that a PIR would need to be considered for the IFRS 5 due to many implementation issues submitted to the IFRS IC. We acknowledge that the IASB has proposed to insert a research project to address the problems within a broader approach, after having considered the feedbacks on the Agenda consultation. However, gathering all the issues through a PIR and considering to start from a standard-level project could be a faster way to address the problems.

Finally, we wish to highlight that a project on separate financial statements should be included on the IASB's agenda. In 2014 OIC jointly with EFRAG, DASB and ICAC issued a Discussion Paper on Separate Financial Statements, which pointed out the need to deal with at least two aspects:

- the definition of the objective of the separate financial statements with the development of a specific framework for these accounts;
- some implementation issues due to the use of IFRSs for the separate accounts.

From the consultation on the DP, in general, respondents agreed that it would be useful if the IASB reviewed its requirements on separate financial statements and developed a set of general principles that could be used as a basis to set requirements for them. For some respondents the IASB should undertake a project on separate financial statements to clarify their role and provide a more robust basis for the preparation of separate financial statements.

This is a topic that historically has received little attention from the IASB but considering the number of countries that apply the IFRSs also to separate financial statements, as reported in the IFRS Foundation publication regarding the profiles about the use of IFRSs in individual jurisdictions in the world, we think that this project would be useful for many countries.

Following the 2011 Agenda consultation and the survey we then carried out with our constituencies, the projects on foreign currency translation and high inflation were not considered important. Therefore, we agree with your proposed removal.

In the Appendix A we report our suggested classification and prioritisation of the IASB projects.

Major projects

Question 4

Do you have any comments on the IASB's current work plan for major projects?

Considering that the project on lease is expected to be completed in the near future, in our view, it is necessary to finalize, first of all, the project on insurance contracts supported by appropriate impact assessments. Then it is important to conclude the project on Conceptual Framework and we expect that it results in consequential amendments to other standards.

Maintenance and implementation projects

Question 5

Are the IASB and the Interpretations Committee providing the right mix of implementation support to meet stakeholders' needs and is that support sufficient (see paragraphs 19–23 and 50–53)?

The efforts that the IASB and the Interpretations Committee are doing to provide implementation supports are valuable. However, we would like to highlight two aspects that need to be taken into account:

- the decision to develop an amendment should be assessed carefully especially when the standard to be modified requires a broader review, to avoid many small amendments to the same standards, or when there is interaction between projects. For example, the

narrow-scope amendments to IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures* "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture" for which the IASB is now proposing to postpone it indefinitely, until it has finalised its research project on the equity method;

- the activities carried out to support consistent application include the development of education guidance and, in general, of education activities. In this regard, we are concerned that too detailed guidance could depart from a principle-based approach and that new requirements could be introduced by this education material. A severe review that the material is strictly adherent to the principles in the standard is necessary.

Level of change

Question 6

Does the IASB's work plan as a whole deliver change at the right pace and at a level of detail that is appropriate to principle-based standard-setting? Why or why not?

See answer to question 5

Any other comments

Question 7

Do you have any other comments on the IASB's work plan?

We think that IASB and FASB should jointly deliberate on the subsequent interpretations/amendments to the standards on which they have converged. In any case, when the FASB decides to deal with an issue that instead the IASB does not address, it would be important that the IASB informs the IFRS adopters if it considers the guideline applicable to IFRS financial statements.

Frequency of Agenda Consultations

Question 8

Because of the time needed to complete individual major projects, the IASB proposes that a five year interval between Agenda Consultations is more appropriate than the three year interval currently required. Do you agree? Why or why not? If not, what interval do you suggest? Why?

We are in favour of retaining the tri-annual consultation on Agenda. We note that the real interval among launches of Agenda consultations is anyway closer to five years than to three years. In our view, the agenda consultation gives the IASB the opportunity to understand what area of financial reporting and issues the public at large consider as priority.

When a new topic, not arising from the result of the Agenda consultation, is included in the work plan, it would be useful to understand the impact of this addition on other projects, in terms of timing and resources.

If you have any queries concerning our comments, please do not hesitate to contact us.

Yours sincerely,
Angelo Casò
(OIC Chairman)

Suggestion for classification and prioritisation of the IASB research projects

Project	OIC priority High/Medium/Low/Very Low
Financial Instruments with Characteristics of Equity	High
Post-employment Benefits (including Pensions)	Low
Income Taxes	Low
Provisions, Contingent Liabilities and Contingent Assets	Low
IFRS 5 – Discontinued operations	Medium
Share-based payments	Very low
Foreign Currency Translation	Very low
High Inflation	Very low
Discount Rates	Medium
Equity Method	Medium
Pollutant Pricing Mechanisms (formerly Emission Trading Schemes)	Medium
Business Combinations under Common Control	High
Disclosure Initiative – Principles of Disclosure	High
Dynamic Risk Management	High
Extractive Activities/Intangible Assets/ Research and Development (R&D)	Low
Primary Financial Statements (formerly Performance Reporting)	Medium
Goodwill and Impairment	High
Definition of a business	Medium