



Financial Reporting Committee

H Rees Esq
Technical Director
IFRS Foundation
30 Cannon Street
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3 July 2015

Dear Mr Rees

ED/2015/2 'Effective Date of IFRS 15 – Proposed Amendments to IFRS 15'

We welcome the opportunity to comment on the above proposal.

Who we are

The 100 Group of Finance Directors represents the views of the finance directors of FTSE 100 and several large UK private companies. Our member companies represent around 90% of the market capitalisation of the UK FTSE 100 Index. Our aim is to contribute positively to the development of UK and international policy and practice on matters that affect our businesses, including taxation, financial reporting, corporate governance and capital market regulation. Whilst this letter expresses the views of The 100 Group of Finance Directors as a whole, those views are not necessarily those of our individual members or their respective employers.

Our views

We support the proposal

We support the Board's proposal to defer the effective date of IFRS 15 *Revenue from Contracts with Customers* for one year so that it is applicable for annual reporting periods beginning on or after 1 January 2018.

We agree with the Board that a change to the effective date of a standard after it has been issued should only be made in exceptional circumstances but that there is a combination of factors that warrants deferral of the effective date of IFRS 15, namely:

- (a) that there will be amendments to IFRS 15 that may have a significant impact on the transition plans of some companies;
- (b) IFRS 15 was issued later than had been anticipated when the effective date of the standard was set by the Board; and
- (c) there are benefits for both preparers and users from maintaining the alignment of the effective date of IFRS 15 and the equivalent US standard, ASC Topic 606 'Revenue from Contract with Customers', the effective date of which may be similarly deferred by the FASB.

Companies that expect to be ready to apply IFRS 15 by its current effective date would still be able to do so if they wish by taking advantage of its early application provisions (we note that in addition to proposing deferral of the effective date of ASC Topic 606, the FASB has proposed allowing its early application to accommodate such companies).

Focus on finalising the amendments to IFRS 15

We believe that deferral of the effective date for one year is likely to provide companies with sufficient time to implement the new standard *provided* that a stable platform is established on a timely basis. We therefore urge the Board to prioritise the proposed amendments to IFRS 15 with a view to finalising them as soon as is practicable (and, ideally, no later than by the end of 2015).

We are mindful that the Board has been rather optimistic in setting its work plans in the past. If the Board does not believe that it can finalise the forthcoming amendments on a timely basis, it should consider deferring the effective date of IFRS 15 for longer than one year.

We note that the Exposure Draft states that the Board has yet to decide on the effective date for the amendments to IFRS 15. We recommend that the effective date of the amendments should be the same as the effective date of IFRS 15.

Consider maintaining alignment with FASB

We understand that whilst the FASB has proposed a one-year deferral of the effective date of ASC Topic 606, it has also consulted with its constituents on a two-year deferral for entities that apply the standard retrospectively. Given that so much effort has been put into developing standards that remain broadly aligned, we believe that it would be unfortunate if they were to have different effective dates.

We therefore recommend that, if the FASB does decide on a two-year deferral for entities that apply its standard retrospectively, the Board gives serious consideration to following suit with regard to IFRS 15.

Yours sincerely



Russ Houlden

Chairman

Financial Reporting Committee

The 100 Group of Finance Directors