The 100 Group

Financial Reporting Committee

IFRS Foundation
30 Cannon Street
London
EC4M 6XH

Via email at commentletters@ifrs.org

27 October 2015

Dear Sirs

ED/2015/6 Clarifications 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 almost 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.

Summary of our views

We broadly welcome clarifications to IFRS 15 made by the IASB that if left unaddressed may have led to different applications by companies. We have no significant matters to bring to your attention on the individual questions in the above named consultation but wish to make several general comments that we have summarised below.

We find it disappointing that the IASB and FASB have made the decision to depart from a converged standard and therefore have lost the benefits a converged standard would have brought to international financial reporting. This is likely to have an increased burden to preparers, especially IFRS preparers with a US listing, as the SEC is likely to be influenced by the additional guidance from the FASB when reviewing their IFRS Financial Statements. We note that the IASB has decided not to include several practical expedients that the FASB is proposing and this has the potential to lead to GAAP differences. We find this unhelpful and suggest that where such practical expedients are added to the FASB's standard the IASB states that either a) the differences only relate to the words used and the Boards believe that the standards are still aligned, or b) the standards have departed and this is an area where judgement will have to be applied by IFRS preparers. This guidance will help dual-listed IFRS preparers in any conversations with the SEC.

We encourage the Boards to keep the Transition Resource Group (TRG) in operation until it is clear all issues have been addressed. We believe that currently the TRG has been heavily influenced by large US companies, whilst many European companies have not yet fully implemented transition plans as they will not generally be required to report comparative data for 2016 under IFRS 15. This is particularly relevant now that the effective date of the standard has been delayed by one year.

We do not think the proposed amendments to B34 and B35 go far enough in clarifying the point at which an entity controls a specified good. Paragraph B35A says "*an entity does not necessarily control a specified good if the entity obtains legal title of that good only momentarily before legal title is transferred to a customer.*" It would be helpful to provide an example of what is meant by the word "momentarily" and how this is applied in the context of the arrangement (e.g. a transaction across international borders) otherwise this may lead to an inconsistent application by preparers.

Feedback

Please feel free to contact me through the 100 Group's website, www.the100group.co.uk, should you wish to discuss our comments.

Yours sincerely

Russ Houlden
Chairman
Financial Reporting Committee
The 100 Group of Finance Directors