

European Financial Reporting Advisory Group
35 Square de Meeûs
1000 Brussels
Belgium

Submitted electronically via efrag.org

1 June 2018

Dear Sirs,

EFRAG 2018 Research Agenda Consultation

The Association for Financial Markets in Europe (AFME) welcomes the opportunity to comment on the **EFRAG Research Agenda Consultation**. AFME represents a broad range of European and global participants in the wholesale financial markets. Its members comprise pan-EU and global banks as well as key regional banks and other financial institutions. AFME advocates stable, competitive and sustainable European financial markets, which support economic growth and benefit society.

Please note that, given AFME's area of interest, our response is focused on those areas of most significance to members.

Our members felt that there would be value in adding **Better information on intangible assets** to the Research Agenda. With respect to the remaining possible Research Agenda topics, our members did not consider these to be priority items and therefore are not recommending their inclusion in the Agenda.

The following additional topics were identified by AFME members for potential inclusion in the research agenda:

- **Principal v Agent guidance:** IFRS 15, *Revenue from Contracts with Customers*, provides guidance for the income statement that is suitably non-industry or product specific on when entities act as principal or agent. However, members consider that a similarly broad exercise covering when such principles would or would not apply to the rest of the financial statements would be beneficial to enhance consistency and reporting.
- **Amortisation of Goodwill:** Whilst acknowledging the recent decision by the IASB not to consider reintroducing amortisation of goodwill¹, some of our members have expressed concerns as to whether this topic has been given appropriate

¹ IASB meeting on 14 December 2017.

consideration. The EFRAG/OIC/ASBJ Research Group² noted the concerns of preparers and auditors regarding the cost and subjectivity of impairment testing in its discussion paper and stated that most respondents were supportive of the reintroduction of goodwill amortisation. Correspondingly, those members feel that a thorough analysis of the relative costs and benefits of the existing impairment model as compared to an amortisation approach, would be appropriate.

We would be pleased, of course, to discuss the content of this letter or to provide any further clarity with regards to the statements made.

Yours faithfully,

Richard Langton

Policy Division

² Research conducted by the European Financial Reporting Advisory Group (EFRAG), the Accounting Standard Board of Japan (ASBJ) and the Organismo Italiano di Contabilità (OIC) and published in the discussion paper *Should Goodwill Still Not Be Amortised?* (July 2014) and corresponding feedback statement (February 2015).