



Association pour la participation des
entreprises françaises à l'harmonisation
comptable internationale

Dr Andreas Barckow,
International Accounting Standards
Board (IASB)
30 Columbus Building
7 Westferry Circus
Canary Wharf
London E14 4HD
United Kingdom

17 March 2022

Dear Dr Barckow,

Re: Cloud computing arrangements - IFRS Interpretations Committee

We are aware of the letter from Business Europe requesting that the IASB review urgently the accounting treatment resulting from the March 2021 IFRS Interpretations Committee Agenda Decision published in April 2021 for customisation costs relating to software as a service or “cloud computing” arrangements.

We are writing to express our strong support for this request since we believe that the resulting accounting is based on the contractual form rather than the economic substance of these arrangements. This may be expected to lead to very different accounting representations of very similar arrangements. We are in favour of similar economic events being represented in the same way in financial statements, and think that this is also the IASB’s view, as evidenced in particular in the way it addressed the accounting for leases. In view of the number of such arrangements that are now being engaged in by entities and the significant costs of customisation that are incurred, we think that it is difficult to maintain that such transactions are of no long-term value and therefore cannot be accounted for as assets.

While preparers may be criticised for not reacting sufficiently strongly at the time to the Tentative Agenda Decision published in December 2020, we would point out that the period from December to March is one which is generally busy for preparers in the normal course of events. It was particularly difficult at that time as entities were still coming to terms with the disruption and additional reporting requirements caused by the Covid pandemic. As a consequence, an agenda decision of this nature was

thought to be of little consequence. It is only with close examination of the issue that the full consequences have been realised.

We therefore support the Business Europe request for the Board to either withdraw the agenda decision or to develop a narrow-scope amendment to IAS 38 to allow for an accounting approach which recognises the economic effect rather than the legal form.

Finally, we note that there have now been two items relating to software as a service that have appeared on the IFRIC agenda. This leads us to wonder whether IAS 38 as it currently stands is fully appropriate for this, and perhaps other, new and expanding economic models, and reinforces our view that IAS 38 requires revision in the near future.

If you require any further information on this matter, please do not hesitate to contact us.

Yours sincerely,

ACTEO

Lise CHORQUES

A handwritten signature in blue ink, appearing to be 'Lise', with a stylized flourish at the end.