



9<sup>th</sup> February 2011

IFRS Foundation  
30 Cannon Street  
London EC4M 6XH (United Kingdom)

**Ref: STATUS OF TRUSTEES' STRATEGY REVIEW**

Dear Sir / Madam

On behalf of the III Working Group on IFRS impact and Central Balance Sheet Data Offices Databases (III WG hereinafter) of the European Committee of CBSO<sup>1</sup>, I am pleased to submit this comment letter<sup>2</sup> as an answer to the paper for public consultation on the status of Trustees' strategy review, issued by the IFRS Foundation the 5<sup>th</sup> of November 2010. This letter provides the opinion of the III WG as to the question regarding **Mission** (*how should the organization best define the public interest to which it is committed?*) derived from our experience working with European IFRS-compliant financial statements.

In our opinion, the public interest definition is crucial because it determines the principal users whom regulations are destined, and therefore, the potential uses of information and also the way it is presented.

Public interest must be defined unambiguously otherwise it could be interpreted subjectively.

Financial information is used by a wide range of users for multiple purposes. Public interest definition should consider the fact that financial data gives the maximum coverage possible to the reporting requests from a wide range of users so that they

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<sup>1</sup> CBSO is the acronym of Central Balance Sheet Data Office. Annex 1 briefly introduces the European Committee of CBSO and its working groups.

<sup>2</sup> This document is co-authored by members, not observers, of the III WG (Annex 1 contains a list of members of the III WG). Please note that these opinions do not necessarily reflect the viewpoint of the central banks or institutions to which members of the III WG belong.

could cover their information necessities. This way, final users of financial information would not only be capital providers, but also a much wider group that would utilize it for very varied uses.

On the contrary, we understand that a restrictive public interest definition (addressed to a certain group) is incoherent by itself and also leads to a reduction of the ability to take advantage of its potential opportunities.

Among financial reporting users, apart from capital providers, many others must be considered: clients, employees (both of them not only as creditors), analysts, etc. We consider especially significant the role of governments and their agencies as users, and particularly, the use of the financial information in statistics.

To set an example about the importance that companies' financial information has in a broad sense definition of public interest, it must be highlighted in the European field the use established in the Lisbon Agenda and its derivatives communications<sup>3</sup>. With the objective of improving the competitiveness and reducing the administrative effort that companies have to deal with, Eurostat has issued a list of recommendations and work patterns among those stand out: a) use of administrative sources for the preparation of statistics (that's it, among others, Companies Annual Accounts presented to a Public Registry), b) electronic capture of information and c) use of standards like XBRL.

From our point of view, the competent organizations would take a big step forward in areas of general interest if they required financial information according to pre-established models (mainly on the face of Financial Statements) and so, they could represent a reliable source of information for the official statistics and others, improving homogeneity and coherence (between companies, countries and also in historic trend) and achieving it much more efficiently, avoiding the extra effort for the companies of providing the same information in order to fulfill their obligations in terms of statistic.

Other financial reporting users are National Central Banks, such as the Banque de France, the Deutsche Bundesbank, the Oesterreichische Nationalbank and the Banco de España, which operate In-house Credit Assessment Systems (ICAS). For instance, ICASs rated during 2008, in total, 238,052 companies. This rating is an overall assessment of the company's ability to meet its financial commitments over a three-year horizon, and is based on financial statements analysis. The rating is used for the purpose of monetary policy, to select the claims that banks may use for their refinancing, and for the purpose of prudential supervision, to assess the soundness of bank assets.

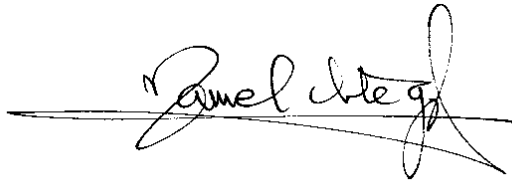
Thanks to this rating, National Central Banks have other highly complementary objectives, which concern directly company managers and bankers: they provide credit institutions with information on the quality of commitments that they intend to make or have already made. This information meets the guidelines set up by the Committee of European Banking Supervisors (currently named European Banking Authority) for

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<sup>3</sup> Between these communications it must be highlighted: COM (2005) 97 of administrative simplification, COM (2005)535 of statistical simplification and COM (2006)693 about reduction of charges and establishment of priorities in terms of statistic.

External Credit Assessment Institutions (ECAI). In some countries, such as France for instance, the “National Central Banks rating” can facilitate the dialogue between banks and companies by providing a common and widely-acknowledged reference and help company managers in identifying the factors that will influence the external analysis of their financial situation.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'Manuel Ortega', with a horizontal line drawn through the middle of the signature.

Manuel Ortega  
Chairman of the ECCBSO and its III WG on IFRS impact and CBSO database  
Head of CBSO at Banco de España

Cc: Eduardo Rodríguez Tenés, Head of Statistics Department, Banco de España  
Members of the III WG on IFRS impact and CBSO databases

## **ANNEX 1 – PRESENTATION OF THE EUROPEAN COMMITTEE OF CENTRAL BALANCE SHEET DATA OFFICES (ECCBSO)**

The European Committee of Central Balance Sheet Data Offices was set up in November 1987 on the initiative of several European central banks and the European Commission. Its aim is to contribute to improving the analysis of information on non-financial corporations, to exchange information and to undertake joint work. The members of the committee are the central balance sheet data offices of the central banks of Germany, Austria, Belgium, Check Republic, France, Greece, Ireland, Italy, Poland, Portugal, United Kingdom, Romania, and Spain, and similar units from the statistical offices of Finland, Denmark, Luxemburg, Netherlands and Sweden. All this central balance sheet data offices belongs to different departments (statistics, operation, research, others) in the central bank, what affects the general aim of the Committee, broadening its targets. As regards Ireland and the United Kingdom, these countries' participation is merely as listeners, since in practice they do not have a central balance sheet office. The European Commission and the European Central Bank also participates in the ECCBSO meetings as well as in some of its Working Groups, been an active member of some of them. The chairmanship is on a rotating basis and is for a term of three years. Banco de España is holding the chair until November 2013.

### **Committee working groups**

**First Working Group (risk assessment).** In 1999 this group worked in coordination with the related services of the European Central Bank to define a working guide for the homogenisation of the risk analysis tasks carried out by central banks in respect of the corporations whose liabilities are taken as collateral in monetary policy operations; it is continuing this task monitoring the improvements on the system of analysis on use in each central bank for this purpose. The aim of the group when it was set up in 1987 was to draw up a White Paper on corporate analysis in Europe. It drafted reports on the analysis of stocks and flows conducted in the various central balance sheet data offices.

**Second Working Group (BACH).** The group is entrusted with maintaining the BACH database of the ECCBSO and with improving comparability among the European countries that report to this database. The information in the database uses the basic structure defined in the IV Directive for the balance sheet and profit and loss account, in cascade format. It has encountered problems relating to the lack of consistency between the different databases and national charts of accounts that are its basis. The working group has extensive experience (it began working in 1987) in problems arising from the lack of comparability between the various sources and it has minimised these shortcomings. The group is responsible for the upkeep of the BACH user guide, which highlights the causes for the lack of comparability between national data sources in the greatest detail.

**Third working group (IFRS impact and CBSO databases).** This group explores and monitors the effects of the EU's new financial reporting strategy [to adopt international accounting standards or international financial reporting standards (IAS/IFRS)] on the European central balance sheet data offices' databases and questionnaires. In addition, the group has studied the similarities and differences between the questionnaires that are the basis for the information available at each central balance sheet office. In all cases the source of the data is a standardised form, whether that which is compiled in the country for the filing of annual accounts (the case of Belgium and of Spain through one of its databases), whether the forms used to file corporate income tax (the case of France, through one of its databases) or whether specific

standard forms (e.g. Germany, Austria, Spain, France, Italy and Portugal). The working group has developed a common standard format, compliance with the IFRS, using for that purpose the XBRL-IFRS based taxonomy, finally creating some real cases of European Consolidated accounts and integrating all them in a common dataset, called ERICA.

**Study Group.** The group analyses financing conditions in Europe for non-financial corporations of the countries participating in the group (Austria, Belgium, France, Germany, Italy and Spain).

**Group on European sectoral references.** The group has developed a database of statistical ratio distributions for several European countries (Austria, Belgium, France, Germany, Italy, Netherlands, Portugal and Spain), which is available to the financial institutions of the European Union and to the respective general government sectors.

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