

Mr. Fabrice Demarigny
Secretary General
CESR
11-13 avenue de Friedland
F-75008 PARIS

E-mail submission via CESR Website

Date: 11 July 20

Dear Mr Demarigny

CESR Recommendation on Alternative Performance Measures

The Chartered Institute of Management Accountants (CIMA) is pleased to have the opportunity to comment on this consultation. CIMA is a global professional body representing accountants in business. CIMA represents over 65,000 members and 85,000 students in 156 countries. CIMA is committed to high quality, global, principle-based, neutral financial reporting standards and supports the widespread adoption of International Financial Reporting Standards. CIMA welcomes the CESR initiative to provide guidance relating to Alternative Performance Measures.

CIMA has been involved in the due process of FEE which has led to their response to this consultation and fully support its contents. Nevertheless, we would like to take this opportunity to particularly reinforce some of the points made.

The term 'performance measures' covers a wide range of situations. We believe that Regulators should properly be concerned that companies do not present an over-optimistic picture of performance through the use of measures that resemble, but differ from, defined performance measures. However, many industries also present a range of key performance indicators e.g. like-for-like sales in the retail industry. These industry-specific measures should clearly be consistent and meaningful but we believe that the standard-setter or industry body is the appropriate structure to ensure this.

We firmly believe that CESR's guidance should retain the recommendation to "consider" involving the auditor rather than "require" involvement. The auditor is already required to report on performance indicators to the extent that they form part of the financial statements. There are a number of issues to be considered on auditor involvement outside of the financial statements. CIMA would be concerned that with more forward looking measures being considered, their more subjective nature might restrict the auditors preparedness to report on them and hence the free flow of information to investors.

We would be pleased to discuss with you any aspect of this letter that you may wish to raise with us.

Yours sincerely

Nick Topazio

Nick Topazio
Business & Financial Reporting Specialist,
Financial Reporting Development Group
CIMA
London

Jim Metcalf

Jim Metcalf
Chairman of Financial Reporting Development Group
CIMA
London