

Paris, July 26th 2018

FBF Comments on the Exposure Draft ED / 2018 / 1 Accounting Policy Changes.

Dear Sir,

We welcome the opportunity to comment on the IASB's ED/2018/1 Accounting Policy Changes – proposed amendments to IAS 8.

We support the objective of the proposed amendment, which is to facilitate the application of voluntary changes in accounting policy that result from an agenda decision published by the IFRS IC, with respect to the retrospective application.

We support the proposed amendment as it is drafted. By lowering the threshold on a basis of a costs / benefits assessment for retrospective application, it contributes to find a pragmatic way to resolve the issue, and, it provides improvement of usefulness of financial information and a framework for the agenda decisions and their accounting consequences.

However, we believe that the scope of the proposed amendment should be broader and not only limited to voluntary changes resulting from agenda decisions. Thus, we would suggest to extend its scope to other voluntary changes in accounting policies.

Finally, we would suggest that the status of the agenda decisions should be reconsidered with respect to the process of standard settings and other non-mandatory guidance developed by the IASB, as agenda decisions can lead to changes in accounting practices. However, further clarification could be addressed separately, as for the time being, we believe that the amendments as drafted will be useful.

You will find enclosed our answers to the questions raised in the Exposure Draft. We hope you find these comments useful and would be pleased to provide any further information you might require.

Yours sincerely,



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Appendix.

Question 1

The Board proposes to amend IAS 8 to introduce a new threshold for voluntary changes in accounting policy that result from an agenda decision published by the IFRS Interpretations Committee. The proposed threshold would include consideration of the expected benefits to users of financial statements from applying the new accounting policy retrospectively and the cost to the entity of determining the effects of retrospective application.

Do you agree with the proposed amendments? Why or why not? If not, is there any particular aspect of the proposed amendments you do or do not agree with? Please also explain any alternatives you would propose, and why.

We agree with the IASB that a high threshold of impracticability would prevent preparers from applying voluntary changes in accounting policies that would otherwise have improved the usefulness of financial information provided to users. Indeed, the impracticability threshold is far too cumbersome and retrospective application is difficult to apply in some circumstances. By lowering the impracticability threshold for retrospective application of voluntary changes in accounting policies that result from an agenda decision, the proposed amendment will help entities, that work toward improving their accounting policies and the usefulness of financial information provided to users, to reduce the practical hindrance to apply improved accounting policies. Moreover, entities are used to costs / benefits analysis when applying judgement to assess IFRS materiality for instance.

Accordingly, we support the relief that the amendment provides from retrospective application on a cost-benefit assessment.

Besides, we do not share the Board's views to limit the application of the proposed threshold to voluntary changes in accounting policy that result from an agenda decision (BC8) because of loss of comparability or loss of information to users. By isolating changes in accounting policies resulting from agenda decision from other voluntary changes in accounting policies, an artificial distinction has been created. From a conceptual point of view, voluntary changes in accounting policies that result from an agenda decision should not have a different accounting treatment from other voluntary changes in accounting policies. From a practical point of view, retrospective application constitutes an obstacle to voluntary changes, for both those resulting from agenda decisions and others. Therefore, we suggest broadening the scope and applying the threshold based on a costs / benefits analysis to all voluntary changes in accounting policies.

Question 2

The Board decided not to amend IAS 8 to address the timing of applying a change in accounting policy that results from an agenda decision published by the IFRS Interpretations Committee. Paragraphs BC18–BC22 of the Basis for Conclusions on the proposed amendments set out the Board's considerations in this respect.

Do you think the explanation provided in paragraphs BC18–BC22 will help an entity apply a change in accounting policy that results from an agenda decision? Why or why not? If not, what do you propose, and why? Would you propose either of the alternatives considered by the Board as outlined in paragraph BC20? Why or why not?

We agree with the IASB's decision not to amend IAS 8 to provide requirements on the timing of application of agenda decision.

As explained in BC22, entities need time to implement a change in accounting policy resulting from an agenda decision, and thus, it would not be reasonable to require to apply such change immediately upon the publication of the agenda decision. We agree with the Board that neither of the alternatives proposed in BC 20 would work in practice. Accordingly, the application of the agenda decision should remain a case by case entity decision.