



## ED/2018/1 ACCOUNTING POLICY CHANGES - PROPOSED AMENDMENTS TO IAS 8

Issued 13 July 2018

ICAEW welcomes the opportunity to comment on EFRAG's draft comment letter on *ED/2018/1 Accounting Policy Changes - proposed amendments to IAS 8* published by the IASB in March 2018, a copy of which is available from this [link](#).

This response of 13 July 2018 has been prepared by the ICAEW Financial Reporting Faculty. Recognised internationally as a leading authority on financial reporting, the Faculty, through its Financial Reporting Committee, is responsible for formulating ICAEW policy on financial reporting issues and makes submissions to standard setters and other external bodies on behalf of ICAEW. The Faculty provides an extensive range of services to its members including providing practical assistance with common financial reporting problems.

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**MAJOR POINTS**

1. We welcome the opportunity to comment on EFRAG's draft comment letter. We are currently in the process of finalising our response to the IASB's *ED/2018/1 Accounting Policy Changes - proposed amendments to IAS 8*. We do not expect our major points to change, but are unable to confirm our detailed comments on the IASB's proposed amendments. Our comments below should be read with this in mind.
2. In our draft response to the IASB, we do not support the proposed amendments to introduce a new threshold for voluntary changes in accounting policy that result from an agenda decision published by the IFRS Interpretations Committee (the Interpretations Committee).
3. We support the objective of the proposed amendments, which is to facilitate the application of voluntary changes in accounting policy that result from an agenda decision. However, we are concerned that the proposed amendments will not achieve this objective and, further, may have unintended consequences.
4. We are concerned in particular that the introduction of the new threshold may mean that some voluntary changes in accounting policy are not applied retrospectively, resulting in a loss of comparability between entities and a loss of information for users of financial statements. We do not therefore think that the IASB should introduce this new threshold.
5. We agree with EFRAG that voluntary changes in accounting policy that result from an agenda decision should not have a different accounting treatment from other voluntary changes in accounting policy. We share the concern that this may be viewed as creating an arbitrary distinction between voluntary changes in accounting policy that result from an agenda decision and other voluntary changes in accounting policy, thereby according authoritative status to voluntary changes in accounting policy that result from an agenda decision.
6. We do not however agree with EFRAG's suggestion that the new threshold should apply to all voluntary changes in accounting policy, for the reasons given in paragraph 4 above.