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## **Proposed Amendments to IAS 8**

### **Cover Note**

#### **Objective**

- 1 The objective of the session is to discuss and agree to recommend to the EFRAG Board a draft comment letter on the exposure draft, ED/2017/5 *Accounting Policies and Accounting Estimates* (Proposed Amendments to IAS 8), issued by the IASB on 12 September 2017 (the 'ED').

#### **Background**

- 2 Entities sometimes struggle to distinguish between accounting policies and accounting estimates and regulators have identified divergent practices. Therefore, the ED proposes to clarify the distinction by amending IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*.
- 3 At its meeting in May 2017, EFRAG TEG generally agreed that there was diversity in practice that needed to be addressed, but expressed mixed views on whether all of the expected proposals would reduce the diversity in practice in a manner that would improve financial reporting. Members generally agreed with the proposed changes to the definitions of accounting policies and accounting estimates. Some members were concerned that the amendments to IAS 8 were not able to provide the clarification that the selection of a cost formula in IAS 2 *Inventories* is an accounting policy choice and that a specific rule was needed.

#### **Questions for EFRAG TEG**

- 4 Does EFRAG TEG agree to recommend the draft comment letter to the EFRAG Board?

#### **Agenda Papers**

- 5 In addition to this cover note, agenda papers for this session are:
  - (a) Agenda paper 02-02 – Draft comment letter on the proposed amendments to IAS 8; and
  - (b) Agenda paper 02-03 – ED/2017/5 *Accounting Policies and Accounting Estimates* – for background only.