

STAFF PAPER

June 2017

IASB Meeting

Project	IAS 8 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i>—Accounting policy changes resulting from agenda decisions		
Paper topic	Feedback from members of the IFRS Interpretations Committee		
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Introduction

1. At the IFRS Interpretations Committee's (Committee) meeting in June 2017, we asked Committee members to provide feedback on matters included in Agenda Paper 12B of the Board's June 2017 meeting (Board Paper). In particular, we asked for their views on whether amending IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* would help address challenges entities encounter when applying voluntary changes in accounting policies—particularly those resulting from agenda decisions. This paper summarises the feedback from Committee members.

Feedback

Overall

2. Members were generally supportive of addressing the matter and of the direction proposed in the Board Paper. Most members agreed with our analysis of the challenges entities encounter when applying voluntary changes in accounting policies, and said that the Board should address these challenges.
3. Some members highlighted an additional challenge entities face when applying a change resulting from an agenda decision. These members said while an entity generally decides when to implement other voluntary changes in accounting policies,

agenda decisions might be viewed as being effective immediately upon publication. This is because entities are often expected to apply accounting policies in line with explanatory material in agenda decisions. This creates a challenge in terms of timing for entities that change an accounting policy as a result of an agenda decision. These members asked the Board to consider addressing this challenge as part of the project, although they were unsure whether this would be possible.

Addressing whether a change resulting from an agenda decision is the correction of an error or a voluntary change in an accounting policy?

4. Several members explicitly agreed with the staff analysis and recommendation that the Board should not undertake standard-setting with respect to assessing whether a change resulting from an agenda decision is the correction of an error or a change in an accounting policy. None said they disagree.
5. Members also agreed there are no significant concerns regarding the requirements in IAS 8 for corrections of errors, and thus agreed with our recommendation not to change these requirements.

Alternatives proposed by the staff

6. Most members agreed with the staff's recommendation to lower the impracticability threshold. However, members had mixed views on whether the Board should amend IAS 8 to allow entities to apply a lower threshold to all voluntary changes in accounting policies (ie Alternative I in the Board Paper) or only to accounting policy changes resulting from agenda decisions (ie Alternative II in the Board Paper).
7. Members who support Alternative I said it would be inappropriate to create a distinction between changes resulting from agenda decisions and other voluntary changes. These members said creating this distinction could imply that agenda decisions have authoritative status. In contrast, members who support Alternative II said it would be appropriate to create a distinction given the process for publishing agenda decisions. They also said that the main challenges for entities relate to changes resulting from agenda decisions.
8. Some members had concerns about the proposed cost-benefit threshold. In particular, these members said it might be difficult to assess the benefits to users of providing

information on a retrospective basis. Some suggested the Board consider applying an ‘undue cost or effort’ threshold, thus removing the benefits leg of the proposed cost-benefit threshold.

9. One member said, however, it would be possible for entities to assess benefits. In his experience, users often ask entities to provide information on a retrospective basis—for this reason, he would not expect entities to make frequent use of the cost-benefit threshold, except in cases for which users would clearly not benefit from restated information—such as for one-off transactions or when retrospective application would not provide useful trend information.
10. Two members disagreed with the staff recommendation to lower the impracticability threshold. These members were concerned that applying the lower threshold would result in reduced comparability and could be misused by entities.
11. Members generally agreed that the Board should provide application guidance to assist entities in applying any new threshold.

Other comments

12. Some members said voluntary changes in accounting policies, other than those resulting from agenda decisions, were infrequent in practice.
13. Some members said users are generally interested in forward-looking information. However, they benefit from retrospective application when it provides trend information.
14. One member said the Board should proceed with proposing amendments in this respect as soon as possible.