

# STAFF PAPER

## REG IASB Meeting

<b>Project</b>	<b>Review of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors</b>		
<b>Paper topic</b>	Distinction between changes in accounting policies and changes in accounting estimates: due process		
<b>CONTACT(S)</b>	Nadia Chebotareva	nchebotareva@ifrs.org	+44 (0) 20 7246 6457
	Leonardo Piombino	lpiombino@fondazioneoic.it	+39 06 6976 6834

This paper has been prepared for discussion at a public meeting of the International Accounting Standards Board (the Board) by the staff and the OIC staff. It does not represent the views of the Board or the OIC or any individual member of the Board or the OIC. Comments on the application of IFRS® Standards do not purport to set out acceptable or unacceptable application of IFRS Standards. Technical decisions are made in public and reported in IASB® *Update*.

---

### Objective of the paper

1. The purpose of this paper is to:
  - (a) ask Board members whether they agree with the recommended comment period;
  - (b) ask Board members whether they intend to dissent from any of the recommended amendments; and
  - (c) explain the steps in the *Due Process Handbook* that the Board has taken in developing the recommended amendments (see **Appendix A**), and ask the Board to confirm that it has complied with the due process requirements and that it permits staff to begin the balloting process for the Exposure Draft (ED).
  
2. The Board and the IFRS Interpretations Committee discussed the issues on the following dates:

<b>Interpretations Committee meeting(s) / Agenda Papers ref</b>	<b>Board meeting(s) / Agenda Paper ref</b>
November 2013 – AP 14	May 2015 – AP 11A
March 2014 – AP 9	April 2016 – AP 25A
September 2014 – AP 12D	September 2015 – AP 26A

**Comment period**

3. Paragraph 6.15 of the [\*Due Process Handbook\*](#) says that the Board ‘normally allows a minimum period of 120 days for comment for proposed narrow-scope amendments that are not Annual Improvements’.
4. We see no reason to provide a longer comment period than 120 days. We do not anticipate that the recommended amendments will be contentious or complicated to understand.

**Intention to dissent**

5. In accordance with paragraph 6.9 of the *Due Process Handbook*, we are asking whether any Board member intends to dissent from the publication of any of the recommended amendments in the ED.

**Proposed timetable for balloting and publication**

6. The wording of the amendments will be updated based on Board members’ feedback on staff paper 26A.
7. We plan to perform some further testing of the wording of the recommended amendments on some examples shortly after this Board meeting. We do not expect that any significant new points emerge from that testing. If significant new points emerge from that testing, we will inform Board members at a future meeting.
8. We expect the balloting process for the ED to commence soon after this Board meeting. We expect the ED to be ready for publication in the first quarter of 2017.
9. The Feedback Statement on the Trustees Review of Structure and Effectiveness published in June 2016 said that the Board would endeavour to publish narrow-scope amendments together. Consistently with that comment and with feedback we have received from ASAF on several occasions, and because these proposals are not time-sensitive, we plan to publish this ED together with (an)other consultation

document(s). We have yet to determine which document(s) that will be and the precise timing.

### Confirmation of due process steps

10. In **Appendix A** to this paper, we have summarised the due process steps we have taken in developing the recommended amendments. We note that the required due process steps applicable for the publication of the ED have been completed, apart from the testing mentioned in paragraph 7 and subject to the balloting process.

#### Questions for the Board

1. **Comment period**—does the Board agree that the ED should be published with a comment period of 120 days?
2. **Dissent**—does any Board member intend to dissent from the ED?
3. **Permission to ballot**—is the Board satisfied that the due process requirements have been met and that the staff should begin the balloting process for the ED?

## Appendix A—Actions taken to meet the due process requirements

The following table sets out the actions taken by the Board to meet the due process requirements.

### Development and publication of Exposure Drafts for narrow-scope amendments<sup>1</sup>

<i>Step</i>	<i>Required/ optional</i>	<i>Metrics or evidence</i>	<i>Actions</i>
<b>The Board and the Interpretations Committee's meetings are held in public, with papers being available for observers. All decisions are made in public session.</b>	Required	Meetings held. Project website contains a full description with up-to-date information. Meeting papers posted in a timely fashion.	The Board discussed and tentatively decided to amend IAS 8 at its April 2016 meeting. The project webpages have up to date information.
<b>Consultation with the Trustees and the Advisory Council</b>	Required	Discussions with the Advisory Council.	Not considered necessary because the amendments are narrow in scope.
<b>Consultative groups used, if formed.</b>	Optional	Extent of consultative group meetings, and evidence of substantive involvement in issues. Consultative group review of the draft ED.	No formal consultative group formed because the amendments are narrow in scope.
<b>Fieldwork is undertaken to analyse proposals.</b>	Optional	The Board has described publicly the approach taken on fieldwork. The Board has explained to the DPOC why it does not believe fieldwork is warranted, if that is the preferred path. Extent of field tests taken.	As described in Agenda paper 25A that was presented to the Board in April 2016, we performed some informal outreach with members of the IFRS IC, specialists of major accounting firms and regulatory authorities on:  (a) whether the recommendations would be helpful in practice (ie result in improvement); and  (b) whether the improvement would be sufficient to justify issuing an Exposure Draft.  As described in this Agenda paper, paragraph 7, we plan some further testing of the wording of the recommended

<sup>1</sup> <http://www.ifrs.org/dpoc/due-process-handbook/Pages/Due-Process-Handbooks.aspx>, pages 13-15

			amendments on some examples shortly after this Board meeting.
<b>Outreach meetings with a broad range of stakeholders, with special effort to consult investors.</b>	Optional	Extent of meetings held.  Evidence of specific targeted efforts to consult investors.	Not considered necessary because the amendments are narrow in scope.
<b>Webcasts and podcasts to provide interested parties with high-level updates or other useful information about specific projects.</b>	Optional	Extent of, and participation in, webcasts.	Not considered necessary because the amendments are narrow in scope.
<b>Public discussions with representative groups.</b>	Optional	Extent of discussions held.	The ASAF discussed the recommended amendments at its July 2016 meeting as described in Agenda paper 26.
<b>Online survey to generate evidence in support of or against a particular approach.</b>	Optional	Extent and results of surveys	Not considered necessary because the amendments are narrow in scope.
<b>The IASB hosts regional discussion forums, where possible, with national standard-setters.</b>	Optional	Schedule of meetings held in these forums.	Not considered necessary because the amendments are narrow in scope.
<b>Round-table meetings between external participants and members of the Board.</b>	Optional	Extent of meetings held.	Not considered necessary because the amendments are narrow in scope.
<b>Analysis of the likely effects of the forthcoming Standard or major amendment, for example, initial costs or ongoing associated costs.</b>	Required	Publication of the Effect Analysis as part of the Basis for Conclusions.	Because of the narrow scope and the expected limited consequences of the amendments (ie they clarify existing requirements and do not create new requirements), we have not prepared an effect analysis. The likely effect of the amendments is that they will reduce diversity in the application of the definitions of accounting policies and of a change in accounting estimate.

<b>Finalisation</b>			
<b>Due process steps are reviewed by the Board.</b>	Required	Summary of all the due process steps have been discussed by the Board before an Exposure Draft is published.	This step will be met by this Agenda Paper.
<b>The Exposure Draft has an appropriate comment period.</b>	Required	The period has been set by the Board.  If outside the normal comment period, an explanation from the Board to the Due Process Oversight Committee (DPOC) has been provided, and the decision has been approved.	In accordance with the <a href="#">Due Process Handbook</a> , we are recommending a comment period of 120 days.
<b>Drafting</b>			
<b>Drafting quality assurance steps are adequate.</b>	Required	The Translations team has been included in the review process.	The Translations team will review the pre-ballot draft.
<b>Drafting quality assurance steps are adequate.</b>	Required	The XBRL team has been included in the review process.	The Taxonomy team will review the pre-ballot draft.
<b>Drafting quality assurance steps are adequate.</b>	Optional	The Editorial team has been included in the review process.  In addition, external reviewers have reviewed drafts for editorial review and the comments have been collected and considered by the Board.	The Editorial team will review drafts during the balloting process.  We will ask external parties to perform an editorial review of the pre-ballot draft.
<b>Drafting quality assurance steps are adequate.</b>	Optional	Drafts for editorial review have been made available to members of the International Forum of Accounting Standard-Setters (IFASS) and the comments have been collected and considered by the Board.	The pre-ballot draft will be made available to members of the International Forum of Accounting Standard-Setters (IFASS).  We will summarise the comments for the Board and ask the Board to discuss publicly any significant matters that arise.
<b>Drafting quality assurance steps are adequate.</b>	Optional	Review draft has been posted on the project website.	Not considered necessary because the amendments are narrow in scope.

<b>Publication</b>			
<b>Exposure Draft of proposed amendments to IAS 8.</b>	Required	Exposure Draft posted on the Board website.	The Exposure Draft will be made available on our website when published.
<b>Press release to announce the publication of the Exposure Draft.</b>	Required	Press release published. Media coverage of the release.	A press release will be published with the Exposure Draft.
<b>Snapshot document to explain the rationale and basic concepts of the Exposure Draft.</b>	Optional	Snapshot has been posted on the Board website.	Not considered necessary because the amendments are narrow in scope.