

31 July 2018

International Accounting Standards Board  
30 Cannon Street  
London EC4M 6XH  
United Kingdom

Dear Sirs,

**RESPONSE TO EXPOSURE DRAFT – ACCOUNTING POLICY CHANGES (PROPOSED AMENDMENTS TO IAS 8) (“ED”)**

ISCA sought views from its members on the above ED through a two-month public consultation and from the ISCA Financial Reporting Committee which includes experienced technical accounting professionals from large accounting firms.

We appreciate and support the Board's intention to lower the impracticability threshold for retrospective application of voluntary change in accounting policy to facilitate greater consistency in the application of IFRS standards. This is particularly relevant in light of the major new IFRS standards becoming effective and the evolving practices as to how certain principles or requirements in these new IFRS standards should be applied.

However, we do not agree with the inclusion of ‘agenda decisions issued by the IFRS Interpretations Committee’ (“agenda decisions”) in IAS 8 and the introduction of the proposed benefits-costs threshold specifically for voluntary changes in accounting policies that result from agenda decisions. Our reasons are as follows:

- Effective codification of agenda decisions as authoritative guidance

Even though it is highlighted in the ED that agenda decisions are non-authoritative, the (i) introduction of the formal definition of agenda decisions in IAS 8; and (ii) lowering of the impracticability threshold specifically for retrospective application of voluntary changes in accounting policies that result from agenda decisions; are effectively codifying agenda decisions as authoritative guidance. This will create confusion in the marketplace as to whether entities are expected to abide by the agenda decisions.

- Increased complexity in practice

The introduction of specific requirements for one type of accounting policy change, with reference to the source of its origination (i.e. agenda decisions), may give rise to increased complexity in practice as there could be instances where it is unclear whether a change in

accounting policy is triggered by (i) a specific agenda decision; (ii) a “truly” voluntary change by the entity; or (iii) a correction of errors.

The uncertainty could stem from the following:

- the timing of such voluntary changes in accounting policies are generally at the discretion of the entity. Hence, the timing of the change need not coincide with the publication of the agenda decision.
- the change in accounting policy may appear to be related to the issue that is being addressed in the agenda decision but this may not be conclusive. Accordingly, the agenda decision outcome may not be applicable to the change in accounting policy.

If retrospective application arising from voluntary changes in accounting policies is considered a hindrance to entities from making improvements to their accounting policies to better reflect the economics of transactions or to take into account evolving practices from implementation of the new IFRS standards, we would propose that IASB considers revising IAS 8's impracticability threshold for relief from retrospective application for all voluntary changes.

- Difficulties in applying the assessment of benefits and costs in practice

We are concerned that the assessment of benefits and costs, as proposed in the ED, will be difficult to apply in practice. Whilst costs are easier to quantify, it would be particularly challenging to assess the expected benefits to users and the examples of factors to consider provided in the proposed paragraph A8 are qualitative considerations which are subjective. We believe further guidance (e.g. illustrative examples) on how to balance the cost and benefits is required.

Should you require any further clarification, please feel free to contact Ms Felicia Tay, Manager, Corporate Reporting & Ethics (CoRE), from ISCA via email at [felicia.tay@isca.org.sg](mailto:felicia.tay@isca.org.sg).

Yours faithfully,



Ms Ju May, LLM  
Deputy Director  
Corporate Reporting & Ethics (CoRE)