



Association pour la participation des
entreprises françaises à l'harmonisation
comptable internationale



IASB
30 Cannon Street
London EC4M 6XH
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June 29, 2018

Ref: Exposure Draft and comment letters—Accounting policy changes (IAS 8)

Dear Mr Hoogervorst,

First, we wish to state that we appreciate the effort made by the IASB to find a quick and pragmatic solution to the issue identified in this Exposure Draft.

We agree that the implementation of an agenda decision often raises issues regarding the identification of the nature of the change (the qualification aspect), the availability of the information necessary for restatement and the need for reasonable period for implementation.

Regarding the **qualification aspect**, we believe that it is unreasonable to expect from the IASB a generic and systematic qualification valid for all agenda decision and for all entities. The fact that the IASB acknowledges in the proposed definition (paragraph 5) that a change following an agenda decision is not automatically characterized as the correction of a prior-period error is a satisfactory step forward. The basis of conclusions in paragraphs BC16-BC 17 also seem relevant and useful.

Regarding the **lowering of the threshold** for retroactive restatement and the proposed cost / benefit analysis, we believe that this is fully in line with the Conceptual Framework for Financial Reporting (the Conceptual Framework). Indeed, from our reading of the Conceptual Framework's paragraphs on materiality (paragraph 2.11) and the cost constraints (paragraph 2.39), we understand that the preparation of IFRS financial reporting should always be assessed by reference to an acceptable cost/benefit balance. It is therefore debatable whether it is not actually the threshold of "impracticability" currently provided in IAS 8, which is too strict for all retrospective restatements. In this context, we believe that the IASB ought to reconsider the threshold for all retroactive applications considering the Conceptual Framework. Contrary to what is said in BC 8, we do not believe that this would lead to a loss of comparability or to more frequent changes in accounting methods. Indeed, the stability of the

accounting principles is a really critical issue for preparers and we do not believe that a relaxation of the thresholds will lead them to modify their accounting policies more frequently.

The exposure draft proposes requirements for the performance of a **cost/ benefit analysis** of the retrospective application of changes. We believe that the proposed approach, when taken with the accompanying guidance in paragraphs A7 to A10, is sufficiently well developed to be able to be put into practice. As mentioned in § A7, entities will need to apply their judgement and we see no need for further, more detailed guidance.

With respect to the **implementation deadlines**, we regret the IASB's decision not to provide guidance about a transition period in the body of the amended standard, for example, along the lines discussed in paragraph BC20. It would be clearer and more reassuring for preparers to have guidance about a reasonable period for implementation. We therefore encourage the Board to reconsider this aspect.

Lastly, although the subject is not new, this Exposure Draft raises again the question of the status of all the documents published by the IASB, IFRIC and individual Board members outside the process defined for the elaboration of standards and interpretations. Indeed, agenda decisions are not the only elements that can lead to changes in accounting practices and it would seem appropriate to conduct a comprehensive review of all these communications to identify their status, due process, effect on financial reporting, etc.

If you have any questions or a need for further information, please do not hesitate to contact us.

Yours sincerely,

ACTEO

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Chairman



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