

27 July 2018

**IFRS Foundation**

30 Cannon Street  
London EC4M 6XH  
United Kingdom

**Reference: Exposure draft 2018/01 - Accounting Policy Changes - Proposed amendments to IAS 8**

The Comitê de Pronunciamentos Contábeis - CPC (Brazilian Accounting Pronouncements Committee)<sup>1</sup> welcomes the opportunity to respond to the Exposure Draft ED/2018/1 regarding the Proposed amendments to IAS 8.

We are a standard-setting body engaged in the study, development and issuance of accounting standards, interpretations and guidance for Brazilian companies.

We consider that the main issue regarding the proposed changes is the authoritative state of an agenda decision, and that the Board should focus on the changes of this subject in the Due Process Handbook. If the Board decides to pursue amendments to IAS 8 to address this issue, then we believe that the Board should clarify if those changes are from an error or change in accounting policy; and not change the bar stating that this change may be done prospectively by a cost and benefit trade-off.

As we have stated earlier, we would like to use this opportunity to raise our concerns about the path that the Board is taking, considering its role, as a standard-setter based on principles. We also propose a revision of FASB and IASB agreement, ensuring its renewance looking forward an one single international standard.

If you have any questions about our comments, please do not hesitate to contact us at [operacoes@cpc.org.br](mailto:operacoes@cpc.org.br).

Yours sincerely,

Rogério Lopes Mota  
Chair of International Affairs  
Comitê de Pronunciamentos Contábeis (CPC)

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<sup>1</sup>The Brazilian Accounting Pronouncements Committee (CPC) is a standard-setting body engaged in the study, development and issuance of accounting standards, interpretations and guidances for Brazilian companies. Our members are nominated by the following entities: ABRASCA (Brazilian Listed Companies Association), APIMEC (National Association of Capital Market Investment Professionals and Analysts), BMFBOVESPA (Brazilian Stock Exchange and Mercantile & Future Exchange), CFC (Federal Accounting Council), FIPECAFI (Financial and Accounting Research Institute Foundation) and IBRACON (Brazilian Institute of Independent Auditors).



## **QUESTIONS ON THE EXPOSURE DRAFT ED/2018/1**

### **Question 1**

The Board proposes to amend IAS 8 to introduce a new threshold for voluntary changes in accounting policy that result from an agenda decision published by the IFRS Interpretations Committee. The proposed threshold would include consideration of the expected benefits to users of financial statements from applying the new accounting policy retrospectively and the cost to the entity of determining the effects of retrospective application.

Do you agree with the proposed amendments? Why or why not? If not, is there any particular aspect of the proposed amendments you do or do not agree with? Please also explain any alternatives you would propose, and why.

### **Answer to question**

We believe that the changes proposed may give more authoritative status to an agenda decision, or diminishes its status, depending on the view of the reader. We agree that as an agenda decision (or a rejection to include it on its own agenda) is published by IFRIC, it is a powerful tool to adopt IFRS consistently and with comparability throughout the various jurisdictions adopting IFRS. According to it, if the Board decides to raise the debate about its status, we encourage that the Board should consider disclosures requirements explaining the reasons why an agenda decision was not adopted, by a different reading of own facts and circumstances.

Also, we believe that the introduction of cost-benefit considerations to evaluate if a change made by an agenda decision is retrospectively or prospectively is not helpful. In our opinion, it must be the same as other changes inside the IAS 8.

### **Question 2**

The Board decided not to amend IAS 8 to address the timing of applying a change in accounting policy that results from an agenda decision published by the IFRS Interpretations Committee. Paragraphs BC18–BC22 of the Basis for Conclusions on the proposed amendments set out the Board’s considerations in this respect.

Do you think the explanation provided in paragraphs BC18–BC22 will help an entity apply a change in accounting policy that results from an agenda decision? Why or why not? If not, what do you propose, and why? Would you propose either of the alternatives considered by the Board as outlined in paragraph BC20? Why or why not?

### **Answer to question**

We agree with the problem, but disagree with the proposed way to address it. We believe that the Due Process Handbook should be reviewed to consider the adoption of an agenda decision (or the rejection to consider it on its agenda) mandatory.