

15-7-2018

IFRS Foundation  
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**Subject: SOCPA Comments on Exposure Draft ED/2018/1**

Thank you for giving the IFRS constituents the opportunity to extent their views on the work of the Board. We at SOCPA are glad to express our views about the Exposure Draft ED/2018/1, which is proposing an amendment to IAS 8 that will prescribe a new threshold to the implementation of the IFRIC agenda decision.

We disagree with the main provision of the proposal. Our view is explained as follows

**Nature of the outcome of the Agenda decision:**

An IFRIC agenda decision can be viewed as either:

1. an application guidance on how to apply a complicated requirements of a standard,
2. the proper application of the requirements of a standard, or
3. an alternative acceptable understanding of the requirements of a standard.

It seems that the proposed amendment to IAS 8 is built upon the view that the agenda decision is providing "other acceptable view" on how to apply the standard, which means that the entity is of a choice whether to apply its own understanding of the requirement or to apply the IFRIC understanding.

We are of the view that if an entity (or a regulator) accept the agenda decision as it is the proper understanding of the requirement, then the early understanding of the entity is wrong, which result in an accounting error, rather than an accounting policy choice. If it is seen as alternative acceptable understanding of the requirements of a standard, then it is an accounting policy choice. Both situations are already covered in IAS 8. Changing accounting policy or correction of an error as a consequence of an IFRIC agenda decision has no difference from other changing of accounting policies or correction of errors.

**Entity assessment of the expected benefits and cost to users:**

We disagree with the Board conclusion that "*The proposed amendment would also encourage greater consistency in the application of IFRS Standards in line with the Committee's objective in including explanatory material in agenda decisions.*" In fact, introducing and entity specific assessment of the expected benefits and cost to users from the changes according to agenda decision has no conceptual rational different from the one behind

other voluntary changes or correction of errors. Therefore, we encourage the Board to revisit the practicality threshold in IAS 8 to assess whether it is really that "*the requirements in IAS 8 could dissuade an entity from adopting an accounting policy that would improve the usefulness of information provided to users of its financial statements*" instead of establishing a new threshold for a subgroup of voluntary changes, i.e., the ones resulting from applying agenda decision.

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Kind regards,



**Dr. Ahmad Almeghames**  
**Secretary General**