afme/
Finance for Europe

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

Submitted electronically via ifrs.org

19 July 2018

IASB ED/2018/1 Accounting Policy Changes (Proposed Amendments to IAS 8)

Dear Sir / Madam,

The Association for Financial Markets in Europe (AFME) welcomes the opportunity to comment on the IASB's ED/2018/1 ***Accounting Policy changes*** **(Proposed Amendments to IAS 8)**.

AFME represents a broad range of European and global participants in the wholesale financial markets. Its members comprise pan-EU and global banks as well as key regional banks and other financial institutions. AFME advocates stable, competitive and sustainable European financial markets, which support economic growth and benefit society.

AFME is supportive of the proposed amendments to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* that would change the approach for assessing how to apply a voluntary change in accounting policy resulting from an agenda decision[1] from applying an 'impracticability' threshold to an approach that requires a company to consider both the expected benefits to users of financial statements and the cost to the company of applying such changes retrospectively. Members believe that this approach facilitates the application of voluntary changes in accounting policy, thus improving the overall quality of financial reporting.

Members are of the opinion that long term improvement in financial reporting is more important than short-term comparability and that a lower threshold for all voluntary changes would encourage improvements in financial reporting including enhancing longer-term comparability, as entities are more able to change their accounting policies to recognised best practice. Applying a lower threshold to all voluntary changes would also remove some of the practical challenges that may be faced in determining whether a voluntary change is a direct result of an agenda decision.

Members welcome the application guidance in paragraph A8, which gives examples of instances in which users are likely to benefit more, or less, from the retrospective

[1] As published by the IFRS Interpretations Committee

Association for Financial Markets in Europe
London Office: 39th Floor, 25 Canada Square, London E14 5LQ, United Kingdom T: +44 (0)20 3828 2700
Brussels Office: Rue de la Loi 82, 1040 Brussels, Belgium T: +32 (0)2 788 3971
Frankfurt Office: Skyper Villa, Taunusanlage 1, 60329 Frankfurt am Main, Germany T: +49 (0)69 5050 60590
www.afme.eu

application of a new accounting policy; however, this approach is missing from the discussion of evaluating cost to the entity in paragraph A10. A10 (a) includes a presumption that in certain circumstances benefits would exceed costs with no countering example given and A10 (b) contains no examples regarding evaluating extent of departure from existing policy. Members believe that this lack of balance might limit application of the lower threshold in practice; accordingly, we request that balanced guidance be included in the discussion of evaluating cost to the entity.

We would be pleased, of course, to discuss the content of this letter or to provide any further clarity with regard to the statements made if that would be helpful.

Yours faithfully,

Richard Langton
Policy Division