

July 25, 2018

Accounting Standards Board
277 Wellington Street West
Toronto, Ontario M5V 3H2

Re: Exposure Draft ED/2018/1 – Accounting Policy Changes – Proposed amendments to IAS 8

Thank you for the opportunity to comment on the above Exposure Draft.

Overall, we agree that the application of a voluntary change in accounting policy that results from an agenda decision can be challenging for entities applying IFRS. We support the Board's goal of fostering greater consistency in the application of IFRSs and concur that reducing the challenges that entities face in applying these voluntary changes in accounting policies will further the Board's efforts towards that goal.

We have attached our letter to the IASB as an appendix to this letter. We have reviewed the Exposure Draft issued by the AcSB and set out below our response.

- 1. The IASB has developed the proposed amendments in accordance with its due process for application around the world. Assuming the Exposure Draft proposals are finalized and approved by the IASB in accordance with its due process, do you think that the proposals are appropriate for application in Canada? If not, please specify which aspects of the proposals, and what circumstances, make the accounting requirements proposed in the Exposure Draft inappropriate?**

We believe that the proposals are appropriate for application in Canada. In our response to the IASB's exposure draft, we noted that the basis of conclusions are not authoritative guidance and are not necessarily included in all publications of the CPA Canada Handbook – Accounting for years following their release. As such, the guidance in BC18 – BC22 would not necessarily reach the users who may find it helpful in applying a change in accounting policy that results from an agenda decision.

We recommended that the IASB consider including that explanation in the application guidance to the standard itself. If the IASB chooses not to do so, we recommend that the AcSB consider providing that explanation as part of its due process.

We would be pleased to offer our assistance to the AcSB in further exploring issues raised in our response or in finding alternative solutions to meet financial statement users' needs.



MNP LLP is one of Canada's largest chartered accountancy and business advisory firms. Our clients include small to mid-size owner-managed businesses in agriculture, agribusiness, retail and manufacturing as well as credit unions, co-operatives, First Nations, medical and legal professionals, not-for-profit organizations, municipalities and government entities. In addition, our client base includes a sizable contingent of publicly traded companies.

Yours truly,

MNP LLP

Jody MacKenzie

Jody MacKenzie, CPA, CA
Director, Assurance Professional Standards Group



ACCOUNTING › CONSULTING › TAX
SUITE 2000, 330 5TH AVE SW, CALGARY AB, T2P 0L4
P: 403.444.0150 F: 403.539.6250 **MNP.ca**

Appendix – MNP's response to the IASB

July 25, 2018

International Accounting Standards Board (IASB)
IFRS Foundation
30 Cannon Street
London EC4M 6XH
United Kingdom

Re: Exposure Draft ED/2018/1 – Accounting Policy Changes – Proposed amendments to IAS 8

Thank you for the opportunity to comment on the above Exposure Draft.

Overall, we agree that the application of a voluntary change in accounting policy that results from an agenda decision can be challenging for entities applying IFRS. We support the Board's goal of fostering greater consistency in the application of IFRSs and concur that reducing the challenges that entities face in applying these voluntary changes in accounting policies will further the Board's efforts towards that goal.

We have reviewed the Exposure Draft and set out below our responses.

- 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 alternatives you would propose, and why.

We agree with the proposed amendments to introduce a new threshold for voluntary changes in accounting policy that result from agenda decisions.

We concur with the Board's rationale, as expressed in paragraph BC16 of the exposure draft, that the matters considered by the IFRIC are generally complex in nature and will often have resulted in entities applying different accounting policies. By permitting a lower threshold for transitional relief, we believe that entities will be further incentivized to voluntarily apply a change in accounting policy to bring their reporting in line with any agenda decisions made, and that this will further the Board's goal of improving the consistency in application of IFRSs.

While we agree overall with the proposal, we do believe that the amendments may become an area of confusion and could result in unintended consequences and a diversity in practice as the proposals leave a large degree of judgment to auditors and preparers in the application of the cost/benefit test. Additional guidance may be required to ensure consistent application of the threshold.

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 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?

We agree with the Board that the reasonable application of a voluntary change in accounting policy that results from an agenda decision will require the use of judgment in determining the timing of application. The explanation provided in paragraphs BC18-BC22 will be helpful to entities in applying a change in accounting policy that results from an agenda decision.

However, we are concerned that the placement of this explanation will result in users of the standard not being aware of these considerations. In Canada, the CPA Canada Handbook – Accounting does not include the Basis for Conclusions for all IFRSs. As written, the amended IAS 8 would include no consideration, either in the main body of the standard or in its application guidance, towards the timing of application. As such, practitioners may be unaware of the Board's explanation or its impact on the financial reporting process.

As an alternative, the amendments could reference a 'voluntary change in accounting policy due to a *recently issued* agenda decision', with a paragraph in the application guidance giving the Board's explanation that the interpretation of 'recently issued' is a matter of judgment and depends on the nature of the change. The application of judgment could rely on factors such as the complexity of the change in accounting policy and the impact on the entity's financial reporting cycle, including interim reporting.

We would be pleased to offer our assistance to the IASB in further exploring issues raised in our response or in finding alternative solutions to meet financial statement users' needs.

MNP LLP is one of Canada's largest chartered accountancy and business advisory firms. Our clients include small to mid-size owner-managed businesses in agriculture, agribusiness, retail and manufacturing as well as credit unions, co-operatives, First Nations, medical and legal professionals, not-for-profit organizations, municipalities and government entities. In addition, our client base includes a sizable contingent of publicly traded companies.

Yours truly,

MNP LLP

Jody MacKenzie

Jody MacKenzie, CPA, CA
Director, Assurance Professional Standards Group



July 26, 2018

IFRS Foundation
30 Cannon Street
London, United Kingdom EC4M 6Xh
(Submitted online)

To Whom It May Concern:

Re: Exposure Draft IAS 8 – Accounting Policy Changes

We support the proposed Standards as outlined in Exposure Draft IAS 8 – Accounting Policy Changes. The attachment sets out our responses to the specific questions listed in the exposure draft.

Yours truly,

A handwritten signature in blue ink that reads "Judy Ferguson".

Judy Ferguson, FCPA, FCA
Provincial Auditor

/jr
Attachment

	Question	Response
1	<p>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.</p> <p>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.</p>	<p>Yes, we agree with the proposed amendment to IAS 8 to introduce a new threshold for voluntary changes in accounting policy. The new threshold makes it more practical for an organization to decide when to restate prior periods for voluntary changes in accounting policies.</p> <p>We think the basis for conclusions should be adjusted to more explicitly reinforce the expectation that it is management’s responsibility to document a defensible position for their rationale and cost benefit analysis.</p>
2	<p>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.</p> <p>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?</p>	<p>Yes, we agree with the Board’s decision to not 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. If the change is voluntary, the organization should decide if and when the change should be applied.</p> <p>We would not propose either alternative outlined in paragraph BC20 because organizations have differing year ends (e.g., March 31, June 30, December 31) and this may not provide them with enough time to make adjustments if required to make a change immediately due to local regulations.</p>