Think Ahead ACCA

Annual improvements to IFRS standards 2015 – 2017 cycle

An exposure draft issued by the International Accounting Standards Board in January 2017

Comments from ACCA
11 April 2017

ACCA (the Association of Chartered Certified Accountants) is the global body for professional accountants. We aim to offer business-relevant, first-choice qualifications to people of application, ability and ambition around the world who seek a rewarding career in accountancy, finance and management.

ACCA supports its 188,000 members and 480,000 students in 178 countries, helping them to develop successful careers in accounting and business, with the skills required by employers. ACCA works through a network of 100 offices and centres and more than 7,400 Approved Employers worldwide, who provide high standards of employee learning and development. Through its public interest remit, ACCA promotes appropriate regulation of accounting and conducts relevant research to ensure accountancy continues to grow in reputation and influence.

www.accaglobal.com

Further information about ACCA's comments on the matters discussed here may be obtained from the following:

Richard Martin
Head of Corporate Reporting, ACCA
Telephone: +44 (0)20 70595748
Email: richard.martin@accaglobal.com

ACCA
+44 (0)20 7059 5000
info@accaglobal.com
www.accaglobal.com
The Adelphi 1/11 John Adam Street London WC2N 6AU United Kingdom

ACCA welcomes the opportunity to provide views in response to the consultation from the IASB. This has been done with the assistance of the members of ACCA's Global Forum for Corporate Reporting. They have considered the questions raised and their views are reflected in the following comments.

SPECIFIC QUESTIONS ON WHICH COMMENTS ARE REQUESTED

Question 1

Proposed amendments (please answer individually for each proposed amendment)

Do you agree with the Board's proposal to amend the Standards in the manner described in the Exposure Draft? If not, why, and what alternative do you propose?

We agree with the amendments to IAS12 Income Taxes and to IAS28 Investments in Associates and Joint Ventures.

On the amendment to IAS23 Borrowing Costs we have the following observations.

In our view the allowance to capitalise general borrowing costs is an exception to the general principle in IAS16 of directly attributable costs and this amendment takes the treatment of interest even further away from that general principle. Borrowing costs that are directly attributable to a particular asset will now be able to be attributed to another asset.

Given that there is already this departure from the general principle of directly attributed costs, we accept the proposed amendment as providing greater clarity and certainty as to how to deal with the attribution of general borrowing costs.

Despite this clarifying amendment we consider that the determination of the appropriate amount of borrowing costs to capitalise, remains an area of significant judgement and so the text of paragraph 11 of IAS23 should remain.

We understand that there has been variation in practice on this issue and some companies will have been using the treatment which this amendment is now clarifying as correct. We consider that the prospective application proposed as paragraph 28A should not be applied to those companies.

Question 2

Effective date of the proposed amendments to IAS 28 *Investments in Associates and Joint Ventures*

The Board is proposing an effective date of 1 January 2018 for the proposed amendments to IAS 28. The reasons for that proposal are explained in paragraphs BC7–BC9 of the Basis for Conclusions on the proposed amendments to IAS 28. Do you agree with the effective date for those proposed amendments? If not, why, and what alternative do you propose?

We agree with the proposed effective date for the amendment to IAS28. It is important that preparers can apply the transitional provisions of IFRS9 to these assets.