

## **Introduction and Invitation to Comment**

In this Exposure Draft the International Accounting Standards Board proposes to amend IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* to clarify the status of implementation guidance. The Board has been advised that paragraph 7 of IAS 8 could be misinterpreted as requiring the mandatory application of Implementation Guidance.

The Board invites comments on the proposed amendments to IAS 8. It would particularly welcome answers to the question set out below. Comments are most helpful if they indicate the specific paragraph, contain a clear rationale and, when applicable, provide a suggestion for alternative wording.

The Board is not requesting comments on matters in IAS 8 not addressed in the Exposure Draft.

### **Question**

Do you agree with the proposal to amend IAS 8? If not, why?

## Proposed amendments to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*

In the Standard, paragraph 7, 9 and 11 are amended (new text is underlined, deleted text is struck through).

### Accounting policies

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#### Selection and application of accounting policies

- 7 When a Standard or an Interpretation specifically applies to a transaction, other event or condition, the accounting policy or policies applied to that item shall be determined by applying the Standard or Interpretation, ~~and considering any relevant Implementation Guidance issued by the IASB for the Standard or Interpretation.~~
- 9 Implementation Guidance for Standards and Interpretations issued by the IASB includes Guidance on Implementation, Illustrative Examples, Illustrative Disclosures and other similar materials. Implementation Guidance does not form part of those Standards and Interpretations, and therefore does not contain requirements for financial statements. These materials are published to assist entities in applying IFRSs but are not mandatory. Materials that are mandatory are described as being an integral part of the Standard or Interpretation to which they apply.
- 11 In making the judgement described in paragraph 10, management shall refer to, and consider the applicability of, the following sources in descending order:
- (a) the requirements ~~and guidance~~ in Standards and Interpretations dealing with similar and related issues; and
  - (b) the definitions, recognition criteria and measurement concepts for assets, liabilities, income and expenses in the *Framework*.

## **Basis for Conclusions**

*This Basis for Conclusions accompanies, but is not part of, the draft amendments.*

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## **Status of Implementation Guidance**

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BC1 The Board has been advised that paragraph 7 of IAS 8 could be misinterpreted as requiring the mandatory application of Implementation Guidance. Implementation Guidance published with Standards and Interpretations issued by the IASB does not form part of those Standards and Interpretations, and therefore does not contain requirements for financial statements. The Board proposes to amend paragraphs 7, 9 and 11 of IAS 8 to state explicitly that Implementation Guidance is non-mandatory guidance.