



สภาวิชาชีพบัญชี ในพระบรมราชูปถัมภ์

FEDERATION OF ACCOUNTING PROFESSIONS
UNDER THE ROYAL PATRONAGE OF HIS MAJESTY THE KING

July 8, 2019

Mr. Hans Hoogervorst
Chairman
International Accounting Standards Board (IASB)
Columbus Building
7 Westferry Circus, Canary Wharf,
London E14 4HD, United Kingdom

Dear Mr. Hoogervorst,

Response on IFRS Standards Exposure Draft ED/2019/2 Annual Improvements to IFRS Standards 2018–2020

Thailand Federation of Accounting Professions (TFAC) would like to show our appreciation on the opportunity to respond on *IFRS Standards Exposure Draft ED/2019/2 Annual Improvements to IFRS Standards 2018–2020*. Overall, we agree with the proposed amendment to IAS41, IFRS1, IFRS9. However, we note that IAS39 should be also addressed the amendment although there is a limited number of users. Moreover, we note some comment to the improvement to IFRS16 which can enhance the proposed revision to such standard.

Please find our responses to the specific survey raised in *IFRS Standards Exposure Draft ED/2019/2 Annual Improvements to IFRS Standards 2018–2020* in an attachment. We believe that these responses will help the practitioners in the future and that our response will contribute positively to the IASB's due process. Should you need more information, please kindly contact the Thailand Federation of Accounting Professions of Thailand.

Thailand Federation of Accounting Professions avails itself of this opportunity to the International Accounting Standards Board the assurances of its highest consideration.

Yours sincerely,

Associate Professor Dr. Somchai Supattarakul
Chairman of Thai Accounting Standards Board
Thailand Federation of Accounting Professions
Bangkok, Thailand



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**IFRS Standards Exposure Draft ED/2019/2 Annual Improvements to IFRS
Standards 2018–2020**

Proposed amendments (please answer individually for each proposed amendment)

Do you agree with the Board's proposal to amend the Standards and accompanying documents in the manner described in the Exposure Draft?

If not, why not, and what do you recommend instead?

The Board is requesting comments only on matters addressed in this Exposure Draft. Respondents need not comment on all of the proposed amendments.

TFAC: We agree with the Board's proposal to amend the Standards by removing the requirement in paragraph 22 of IAS 41 Agriculture for entities to exclude cash flows for taxation when measuring fair value applying IAS 41



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IFRS Standards Exposure Draft ED/2019/2 Annual Improvements to IFRS Standards 2018–2020

Proposed amendments (please answer individually for each proposed amendment)

Do you agree with the Board's proposal to amend the Standards and accompanying documents in the manner described in the Exposure Draft?

If not, why not, and what do you recommend instead?

Proposed amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards

TFAC: We agree to the proposal of IFRS 1 for the cumulative translation adjustment. We would like to propose a concern on this issue since the process of preparing consolidated financial statement would specify the figures for eliminating entries of those subsidiaries being the first time adopter after their parent company. Since the group accounting is followed IFRS principles, we wonder the reason to the exemption provided with no mention of figures in preparing the latest consolidated financial statements which can be the best estimate for cumulative translation adjustment of the subsidiaries. So we also propose for the option of applying figures in the latest consolidated financial statements.



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IFRS Standards Exposure Draft ED/2019/2 Annual Improvements to IFRS Standards 2018–2020

Questions for respondents

Proposed amendments (please answer individually for each proposed amendment)

Do you agree with the Board's proposal to amend the Standards and accompanying documents in the manner described in the Exposure Draft?

If not, why not, and what do you recommend instead?

The Board is requesting comments only on matters addressed in this Exposure Draft. Respondents need not comment on all of the proposed amendments.

TFAC:

IFRS 9 Financial Instruments

- We agree with the amendment on derecognition of financial liability, the clarification on fees that should be included in the 10 percent test will lessen diversity from interpretation of the standard. Additionally, it would be useful to also add clarification on 'any costs and fees' that should be recognised according to paragraph B3.3.6A in order to avoid misunderstanding.
- We support the prospective application of the amendment. We agree that in case of retrospective application, the costs of reassessment all previous modifications would probably outweigh the benefit.



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IFRS Standards Exposure Draft ED/2019/2 Annual Improvements to IFRS Standards 2018–2020

Proposed amendments (please answer individually for each proposed amendment)

The Board proposes to amend Illustrative Example 13 accompanying IFRS 16 Leases to remove the illustration of payments from the lessor relating to leasehold improvements. The proposed amendment would remove potential for confusion regarding the treatment of lease incentives applying IFRS 16.

Do you agree with the Board’s proposal to amend the Standards and accompanying documents in the manner described in the Exposure Draft? If not, why not, and what do you recommend instead?

The Board is requesting comments only on matters addressed in this Exposure Draft. Respondents need not comment on all of the proposed amendments.

TFAC: The proposed amendment relates to the potential confusion in applying IFRS 16 Leases regarding the unclear procedure for lease incentives in Illustrative Example 13 accompanying IFRS 16 based on the limited facts provided. We agree that explanation of the reimbursement relating to leasehold improvements has generated confusion should be addressed. According to the need to address this confusion, we consider that removing the illustration of payments from the lessor relating to leasehold improvements is not sufficient for clearing up this confusion. The amendment should provide the additional facts and explanation to clarify when the reimbursement relating to leasehold improvements by the lessor determine as a lease incentive under IFRS16. In addition, this clarification should include either in the Basis for Conclusions or directly in IE13 to remove any future potential for confusion.