

Hans Hoogervorst Esq
Chairman
International Accounting Standards Board
IFRS Foundation
30 Cannon Street
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4 December 2017

Dear Hans

Exposure Draft ED/2017/5 Accounting Policies and Accounting Estimates (Proposed Amendments to IAS 8)

We welcome the opportunity to comment on the proposed amendments to IAS 8 in relation to Accounting Policies and Accounting Estimates

We agree with the IASB's objective to clarify the criteria to distinguish between a change in an accounting policy and a change in an accounting estimate, in relation to the application of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, and highlighting the judgement required in making such decisions. However, we would recommend that the IASB should further clarify the interaction between an accounting estimate and an accounting policy and how the amended definition should be applied in practice by providing illustrative examples.

We note, from discussion with our members and other stakeholder groups, that there is a divergence of opinion as to whether for ordinarily interchangeable inventories, selecting a cost formula (ie first-in, first-out (FIFO) or weighted average cost) is a policy choice, as the Board outlines in BC19, or an accounting estimate. Accordingly, we recommend that the Board reconsiders its assessment in relation to this, and enhances any explanations accompanying its conclusion, which in turn will ensure that the revised criteria are effective in meeting their objective.

Who we are

The 100 Group of Finance Directors represents the views of the finance directors of FTSE 100 and several large UK private companies. Our member companies represent almost 90% of the market capitalisation of the UK FTSE 100 Index. Our aim is to contribute positively to the development of UK and international policy and practice on matters that affect our businesses, including taxation, financial reporting, corporate governance and capital market regulation. Whilst this letter expresses the views of The 100 Group of Finance Directors as a whole, those views are not necessarily those of our individual members or their respective employers

Please feel free to contact us through the 100 Group's website, www.the100group.co.uk, should you wish to discuss our comments.

Yours sincerely,



Russ Houlden
Chairman
Financial Reporting Committee