



สภาวิชาชีพบัญชี ในพระบรมราชูปถัมภ์

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

August 25, 2021

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/2021/4 - Lack of Exchangeability

The Thailand Federation of Accounting Professions would like to show our appreciation on the opportunity to respond on **IFRS Standards Exposure Draft ED/2021/4 - Lack of Exchangeability**. Overall, we agree with the amendments regarding the assessment of lack of exchangeability as well as the determination on the spot exchange rate. In addition, we suggest to include the illustrative example to provide a guideline to the practitioner.

Please find our responses to the specific survey raised in **IFRS Standards Exposure Draft ED/2021/4 - Lack of Exchangeability** 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.

The 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. Vorasak Toommanon
Chairman of Thai Accounting Standards Board
Thailand Federation of Accounting Professions
Bangkok, Thailand



IFRS Standards Exposure Draft ED/2021/4 - Lack of Exchangeability

Question 1—Assessing exchangeability between two currencies

Paragraph 8 of the draft amendments to IAS 21 specifies that a currency is exchangeable into another currency when an entity is able to exchange that currency for the other currency. Paragraphs A2–A11 of [draft] Appendix A to IAS 21 set out factors an entity considers in assessing exchangeability and specify how those factors affect the assessment.

Paragraphs BC4–BC16 of the Basis for Conclusions explain the Board’s rationale for this proposal.

Do you agree with this proposal? Why or why not? If you disagree with the proposal, please explain what you suggest instead and why.

TFAC:

TFAC agrees with the proposed amendments regarding the assessment of lack of exchangeability. The amendment clarifies the situation where a currency lacks exchangeability and provides sufficient guidance for entity to apply which is expected to reduce diversity in practice.



Question 2—Determining the spot exchange rate when exchangeability is lacking

Paragraphs 19A–19C and paragraphs A12–A15 of the draft amendments to IAS 21 specify how an entity determines the spot exchange rate when a currency is not exchangeable into another currency.

Paragraphs BC17–BC20 of the Basis for Conclusions explain the Board’s rationale for this proposal.

Do you agree with this proposal? Why or why not? If you disagree with the proposal, please explain what you suggest instead and why.

TFAC:

TFAC agrees with the proposal on how to determine the spot exchange rate when exchangeability is lacking. However, TFAC suggests including additional illustrative example to address the use of an estimation technique and the use of unofficial observable exchange rate.



Question 3— Disclosure

Paragraphs 57A–57B and A16–A18 of the draft amendments to IAS 21 require an entity to disclose information that would enable users of its financial statements to understand how a lack of exchangeability between two currencies affects, or is expected to affect, its financial performance, financial position and cash flows.

Paragraphs BC21–BC23 of the Basis for Conclusions explain the Board’s rationale for this proposal.

Do you agree with this proposal? Why or why not? If you disagree with the proposal, please explain what you suggest instead and why.

TFAC:

TFAC agrees with the proposed disclosure requirements. The requirements outline sufficient information for user of financial statements to understand the impact of estimated spot exchange rate on the financial statements and such information should not be duplicate in case the entity has provided the information elsewhere in its financial statements.



Question 4— Transition

Paragraphs 60L–60M of the draft amendments to IAS 21 require an entity to apply the amendments from the date of initial application, and permit earlier application.

Paragraphs BC24–BC27 of the Basis for Conclusions explain the Board’s rationale for this proposal.

Do you agree with this proposal? Why or why not? If you disagree with the proposal, please explain what you suggest instead and why.

TFAC:

TFAC agrees with the proposed transition requirements and agrees that additional transition requirement for first time adopters are not required.