



สภาวิชาชีพบัญชี ในพระบรมราชูปถัมภ์

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

November 23, 2015

Mr. Hans Hoogervorst
Chairman
International Accounting Standards Board (IASB)
30 Cannon Street
London EC4M 6XH
United Kingdom

Dear Mr. Hoogervorst,

Comment Letter on DI/2015/2 Foreign Currency Transactions and Advance Consideration

The Federation of Accounting Professions of Thailand would like to show our appreciation on the opportunity to comment on *DI/2015/2 Foreign Currency Transactions and Advance Consideration*. Overall, we agree with the proposed interpretation since it helps clarifying events and circumstances related to foreign currency. We also believe that the illustrative examples can make better understanding towards the practical issues. The transitional requirements and its options are suitable.

Please find our responses to the specific questions raised in *DI/2015/2 Foreign Currency Transactions and Advance Consideration* in an attachment. We believe that this proposed interpretation will help the practitioners in the future and that our comment letter will contribute positively to the IASB's due process. Should you need more information, please kindly contact the Federation of Accounting Professions of Thailand.

The 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 Tummanond
Chair of Thai Accounting Standards Board
Federation of Accounting Professions of Thailand
Bangkok, Thailand

Copied to:

- 1) Chairman, Accounting Standard-Setting Committee of Thailand
- 2) Chairman, Subcommittee on Monitoring of International Financial Reporting Standards
- 3) President, Federation of Accounting Professions of Thailand



Draft IFRIC Interpretation DI/2015/2 Foreign Currency Transactions and Advance Consideration

Question 1— Scope

The draft Interpretation addresses how to determine the date of the transaction for the purpose of determining the spot exchange rate used to translate foreign currency transactions on initial recognition in accordance with paragraphs 21–22 of IAS 21.

Foreign currency transactions that are within the scope of the draft Interpretation are described in paragraphs 4–6 of the draft Interpretation.

Do you agree with the scope proposed in the draft Interpretation? If not, what do you propose and why?

FAP: We agree with the scope proposed in the draft Interpretation since it helps clarify events and circumstances related to foreign currency transaction as specified under paragraph 21-22 of IAS 21.

Question 2— Consensus

The consensus in the draft Interpretation provides guidance on how to determine the date of the transaction for the purpose of determining the spot exchange rate used to translate the asset, expense or income (or part of it) on initial recognition that relates to, and is recognised on the derecognition of, a non-monetary prepayment asset or a non-monetary deferred income liability (see paragraphs 8–11). The basis for the consensus is explained in paragraphs BC22–BC33. This includes the Interpretations Committee’s consideration of the interaction of the draft Interpretation and the presentation in profit or loss of exchange differences arising on monetary items in accordance with paragraphs 28–29 of IAS 21 (see paragraphs BC32–BC33).

Do you agree with the consensus proposed in the draft Interpretation? If not, why and what alternative do you propose?

FAP: We support the idea of the consensus proposition including those circumstances when the transaction is recognized in a single stage of initial recognition of the non-monetary prepayment asset or the non-monetary deferred income liability (or part of it) as well as those with multiple stages.

We also agree with the Interpretations Committee that the one transaction approach is more appropriate interpretation of IAS 21 than the multi transaction approach since the one transaction approach views these 3 activities: (1) the entering into contract, (2) the receipt or payment of consideration and (3) the transferring of goods and services, as all part of the same transaction. Thus, the date of the transaction is determined accordingly by the date which the first element of the transaction qualifies for initial recognition.



Question 3— Transition

On initial application, entities would apply the proposed Interpretation either:

- (a) retrospectively in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors; or
- (b) prospectively to all foreign currency assets, expenses and income in the scope of the proposed Interpretation initially recognised on or after:
 - (i) the beginning of the reporting period in which an entity first applies the proposed Interpretation; or
 - (ii) the beginning of a prior reporting period presented as comparative information in the financial statements of the reporting period in which an entity first applies the proposed Interpretation.

Do you agree with the proposed transition requirements? If not, what do you propose and why?

FAP: We do agree with such transitional options for initial application, either retrospective or prospective application, since it is possible that some entities might not have sufficient information to make reliable adjustment of comparatives.