

Warsaw, 3 April 2019

Mr Hans Hoogervorst
Chairman of the
International Accounting Standards Board
30 Cannon Street
London EC4M 6XH
United Kingdom

Dear Mr. Hoogervorst,

RE: Exposure Draft ED/2018/2 – Onerous Contracts – Cost of Fulfilling a Contract

The Polish Accounting Standards Committee (PASC – Komitet Standardów Rachunkowości) is pleased to respond to the request for comments on the *Exposure draft: Onerous Contracts – Cost of Fulfilling a Contract (the ‘ED’)*.

PASC supports the IASB’s efforts to improve the IAS 37 and believes the proposals in the Exposure Draft are useful to the preparers and users of financial statements.

Our answers to the questions in the Exposure Draft are included in the Appendix.

Yours sincerely,

Joanna Dadacz
Chairman
Polish Accounting Standards Committee

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c/c EFRAG

Appendix

Question 1

The Board proposes to specify in paragraph 68 of IAS 37 that the cost of fulfilling a contract comprises the costs that relate directly to the contract (rather than only the incremental costs of the contract). The reasons for the Board’s decisions are explained in paragraphs BC16–BC28.

Do you agree that paragraph 68 of IAS 37 should specify that the cost of fulfilling a contract comprises the costs that relate directly to the contract? If not, why not, and what alternative do you propose?

The removal of IAS 11 has created a loophole in regulation which could lead to discrepancies in how entities assess onerous contracts especially related to construction services. Proposed changes to IAS 37 meet therefore the expectations of both preparers and readers of financial information in that respect.

We consider the proposed approach to include only the costs that directly relate to the contract to be correct. It is a solution similar to those in IAS 11 and IAS 37. We share the viewpoint presented in par. B.18 – B.28 that this approach provides more useful data for users of financial statements than the incremental cost approach.

Question 2

The Board proposes to add paragraphs 68A–68B which would list costs that do, and do not, relate directly to a contract.

Do you have any comments on the items listed?

Are there other examples that you think the Board should consider adding to those paragraphs? If so, please provide those examples.

We think that the list provided is complete and correctly illustrates the topic.