

International Financial Reporting Standards



Proposed amendments to IAS 1 Feedback summary

The views expressed in this presentation are those of the presenter, not necessarily those of the IASB or IFRS Foundation.

Agenda

- Current status
- Feedback from comment letters and outreach activities
- Next steps
- Questions to ASAF members

Current status

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Current status

- Exposure Draft *Disclosure Initiative: Proposed amendments to IAS 1* issued in March 2014
- Comment period ended 23 July 2014
- Over 115 comment letters received plus input from outreach activities

Feedback from comment letters and outreach activities

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- Widespread support for the project and the proposals in the Exposure Draft
- Comments mainly related to:
 - requests for further guidance
 - request for clarification about interactions between the proposed amendments and other guidance in IAS 1 and other Standards
 - the terminology used, e.g. present and disclose
 - drafting changes

Proposal

- Emphasise that:
 - materiality applies to the whole financial statements, including the notes
 - information resulting from specific disclosure requirements should be assessed to determine whether it is material
 - entities shall not aggregate or disaggregate information in a manner that obscures useful information

Feedback

- Supported by most respondents
- Suggestions that:
 - there is a need for more guidance on materiality
 - disclosure of information to 'meet the needs of users' in addition to what is required in IFRS is too broad and may not be operational

Proposal

- Clarify that presentation requirements for line items may be fulfilled by disaggregating a specific line item
- Include an example in IAS 1 of disaggregating a line item in the statement of financial position

Feedback

- Supported by most respondents
- Suggestions that:
 - it should be clarified that the specified line items in IAS 1 should only be provided 'when material' i.e. items could be aggregated
 - the example disaggregating property, plant and equipment is not helpful

Proposal

- Introduce requirements for if an entity presents subtotals. The subtotals shall:
 - be made up of items recognised and measured in accordance with IFRS;
 - be presented and labelled in a manner that makes what constitutes the subtotal understandable;
 - be consistent from period to period; and
 - not be displayed with more prominence than the subtotals and totals specified in IFRS (SOCl only)
- Reconcile subtotals in the SOCl with IFRS required subtotals

Feedback

- Supported by many respondents
- Suggestions that:
 - the guidance regarding subtotals should also cover subtotals in the statement of cash flows
 - the interaction between the proposal for subtotals to be consistent from period to period and the IAS 1 and IAS 8 requirements for consistency should be clarified
 - further clarification is needed about the proposals for reconciling subtotals in the SOCl

Proposal

- Clarify that entities have flexibility in ordering the notes
- Emphasise that understandability and comparability should be considered when deciding a systematic order for the notes

Feedback

- Overall support for the amendments, but mixed views from users of financial statements
- Suggestions that more guidance is needed on how understandability and comparability should be considered when determining a systematic order for the notes

Proposal

- Delete paragraph 120 of IAS 1, which contains potentially unhelpful examples of accounting policy disclosures

Feedback

- Supported by most respondents
- Suggestions that:
 - further guidance is needed for what a significant accounting policy is - some respondents suggested characteristics of a significant accounting policy

Next steps

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Next steps

September
IASB will discuss
summary of
feedback

October
IASB will
redeliberate
amendments

Quarter 4
Aim to publish
final
amendments



Questions to ASAF members

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- 1) We have received mixed reactions from users of financial statements for the proposal to clarify that there is flexibility when ordering notes. Users are concerned that flexibility compromises comparability or makes information difficult to find. What are your views?
- 2) Do you have any other comments on the proposed amendments presented in the Exposure Draft or the feedback received?

Thank you

