



Federation of European Accountants

Mr Roger Marshall
Acting President of the EFRAG Board
EFRAG
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Sent by email:
Commentletters@efrag.org

Brussels, 19 February 2016

Subject: The Federation of European Accountants comments on EFRAG's comment letter *Exposure Draft ED/2015/8 IFRS Practice Statement: Application of Materiality to Financial Statements*

Dear Mr Marshall,

The Federation of European Accountants (www.fee.be) is pleased to provide you below with its views and comments to the questions raised by EFRAG in its comment letter Exposure Draft ED/2015/8 IFRS Practice Statement: Application of Materiality to Financial Statements (ED).

- (1) We attach our response letter to the IASB where we elaborate on our views on the questions in the ED. We hope that you find our comments helpful in finalising the EFRAG comments to the IASB.
- (2) We agree with EFRAG's assessment that illustrative examples should demonstrate both decisions to include or to omit information from the financial statements and not over-emphasise the first aspect. Omitting information could lead to hindering of relevant information which could obscure the financial statements.
- (3) We also agree that focus should be placed on those areas where judgement is assessed to be the most difficult to exercise as these are the areas that nurture a higher risk of manipulation of the financial statements.
- (4) We concur with EFRAG's assessment that there might be some unintended consequences in the example in paragraph 22 (a), thus we support EFRAG's assessment in paragraph 15a of the Draft Comment Letter.
- (5) Moreover, we list below the EFRAG's preliminary views with which we do not agree.
 - Regarding the structure of the paper, in our opinion, the areas which EFRAG considers to be the primary focus for guidance on applying materiality, as described in paragraph 23 of the Draft Comment Letter, are addressed in the Practice Statement therefore we are not convinced by the need to change the structure or content of the guidance.

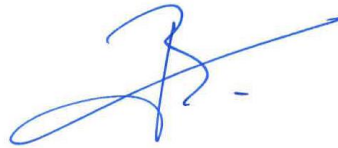
- Also, we do not agree that paragraph 28 (a), signifying that an entity considers items ‘that could trigger non-compliance with regulatory requirements’, goes beyond the scope of the guidance.
- Furthermore we do not agree with a decision tree approach, as we do not believe that the questions around the assessment of materiality can be answered in a binary, ‘yes or no’ manner.

For further information on this letter, please contact Pantelis Pavlou on +32 (0)2 893 33 74 or via e-mail at pantelis.pavlou@fee.be.

Kind regards,
On behalf of the Federation of European Accountants



Petr Kriz
President



Olivier Boutellis-Taft
Chief Executive

Attached: The Federation’s Comment letter to the IASB on the Exposure Draft ED/2015/8 IFRS Practice Statement: Application of Materiality to Financial Statements