

STAFF PAPER

October 2019

Accounting Standards Advisory Forum

Project	Disclosure Initiative: Accounting Policy Disclosure		
Paper topic	Proposed amendments to IAS 1 and IFRS Practice Statement 2		
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Objective

1. The objective of this session is for Accounting Standard Advisory Forum (ASAF) members to share their preliminary views on Exposure Draft *Disclosure of Accounting Policies* (Exposure Draft), published in August 2019.

Background

2. In the Exposure Draft, the Board proposes to amend IAS 1 *Presentation of Financial Statements* and IFRS Practice Statement 2 *Making Materiality Judgements* to:
 - (a) require entities to disclose their ‘material’ accounting policies instead of their ‘significant’ accounting policies; and
 - (b) provide additional guidance and examples to help entities apply the concept of materiality in making decisions about accounting policy disclosures.
3. The proposed amendments are intended to help entities:
 - (a) identify and disclose all accounting policies that provide material information to primary users of financial statements; and
 - (b) identify immaterial accounting policies and eliminate them from their financial statements.

4. The Exposure Draft can be obtained from the Board's website [here](#). The comment letter period ends on 29 November 2019. The Exposure Draft asks respondents six questions which are included in the appendix to this paper.

Questions for the ASAF

What are ASAF member's preliminary views on the Exposure Draft *Disclosure of Accounting Policies*?

Do you have any feedback from others in your jurisdiction on the Exposure Draft?

Appendix A: Questions for respondents

- A1. The Board proposes to amend paragraph 117 of IAS 1 to require entities to disclose their ‘material’ accounting policies instead of their ‘significant’ accounting policies. Do you agree with this proposed amendment? If not, what changes do you suggest and why?
- A2. The proposed new paragraph 117A of IAS 1 states that not all accounting policies relating to material transactions, other events or conditions are themselves material to an entity’s financial statements. Do you agree with this proposed statement? If not, what changes do you suggest and why?
- A3. The proposed new paragraph 117B of IAS 1 lists examples of circumstances in which in an entity is likely to consider an accounting policy to be material to its financial statements. Do the proposed examples accurately and helpfully describe such circumstances? If not, what changes do you suggest and why?
- A4. The Board proposes to add to IFRS Practice Statement 2 two examples that illustrate how the concept of materiality can be applied in making decisions about accounting policy disclosures. Are these examples useful and do they demonstrate effectively how the concept of materiality can be applied in making decisions about accounting policy disclosures? If not, what changes do you suggest and why?
- A5. Would any wording or terminology introduced in the proposed amendments be difficult to understand or to translate?
- A6. Do you have any other comments about the proposals in this Exposure Draft?