Norsk RegnskapsStiftelse

25 June 2014

International Accounting Standards Board
30 Cannon Street
London EC4M 6XH
UK

Cc: EFRAG

Dear Sir/Madam

Exposure Draft ED/2014/1 Disclosure Initiative – Proposed amendments to IAS 1

Norsk RegnskapsStiftelse (the Norwegian Accounting Standards Board) welcomes the opportunity to submit its views on the exposure draft *Disclosure Initiative.*

We support the Disclosure Initiative. We consider the suggested amendments as clarifications of the current standard rather than changes to it. We think the exposure draft addresses some of the problems with the current application of IAS 1, and thus can help improve presentation and disclosures and the usefulness of financial reporting. We see this as a first step of improvement, and would welcome a more comprehensive review of the presentation and disclosure requirements at a later time.

In general we agree with the proposed amendments, but we have some comments to the wording of certain of the amendments.

Our detailed comments to the questions in the order suggested by you are set out in the appendix to this letter.

Please do not hesitate to contact us if you would like to discuss any specific issues addressed in our response.

Yours faithfully,

Erlend Kvaal
Chairman of the Technical Committee on IFRS of Norsk RegnskapsStiftelse

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Appendix - Detailed comments on amendments proposed in ED 2014/1

Questions

Question 1 – Disclosure initiative amendments

The amendments to IAS 1 arising from the Disclosure Initiative aim to make narrow-focus amendments that will clarify some of its presentation and disclosure requirements to ensure entities are able to use judgement when applying that Standard. The amendments respond to concerns that the wording of some of the requirements in IAS 1 may have prevented the use of such judgement. The proposed amendments relate to:

(a) materiality and aggregation (see paragraphs 29–31 and BC1–8 of this Exposure Draft);

(b) statement of financial position and statement of profit or loss and other comprehensive income (see paragraphs 54, 55A, 82, 85A and 85B and BC9–BC15 of this Exposure Draft);

(c) notes structure (see paragraphs 113–117 and BC16–BC19 of this Exposure Draft); and

(d) disclosure of accounting policies (see paragraphs 120 and BC20–BC22 of this Exposure Draft).

Do you agree with each of the amendments? Do you have any concerns about, or alternative suggestions for, any of the proposed amendments?

(a) We agree with the proposed amendments. We believe that both “too much” and “too little” can be a problem at the same time when it comes to disclosures. Sometimes a lot of detailed, but irrelevant information are disclosed in some areas, while the disclosure is high level or boiler plate for other material areas. Both these problems need to be addressed.

We agree that it should not be prohibited to disclose immaterial information. In addition to being a practical issue of information and structure needing to be changed more frequently, this could be difficult to apply as the entities would have to consider not only what is material or not material, but also the concept of immateriality. In addition some jurisdiction might have local requirements to include additional disclosures that otherwise might be considered immaterial. We therefore think the suggested amendment not to aggregate or disaggregate information in a way that obscures useful information, balances the practical application and the users need for not being “drowned in details”. We also find it useful that the amendment emphasises that that concept of materiality applies to each specific note disclosure.

In the last sentence of the draft amended IAS 1.31 it is suggested that “an entity shall also consider whether information about matters addressed by an IFRS needs to be presented or disclosed to meet the needs of the users of financial statement, even if that information is not included in the specific disclosure requirement of the IFRS”. We assume that the intention is to deal with the problem of “too little” disclosures or disclosures being to general or boilerplate. However, the suggested amendment only refers to “needs of the users” which we think is too broad and should not be a stand-alone requirement for requiring further disclosures. IAS 1.17(c) already contains a similar requirement with more specific guidance that we find more appropriate. We therefore believe that the last sentence of the draft amended IAS 1.31 should be taken out.

(b) We support the proposal. We agree that the removal of "at a minimum" in IAS 1.54 combined with the wording in IAS 1.31 (as amended by the exposure draft) clarifies that the list is not a prescriptive list, and that line items can be aggregated if those line items are immaterial.

We think the new amended guidance of disaggregation included in IAS 1.54 is overlapping and partly repeating what is already stated in IAS 1.55. We encourage the board to consider if both the new amended text in IAS 1.54 and IAS 1.55 are really necessary and whether it would be better to "merge" the requirements and include them in either IAS 1.54 or IAS 1.55.

According to the proposed IAS 1.82 the line items in the profit and loss statement should be disaggregated if such presentation is relevant to the understanding of the entity's financial performance. However the new amended text in IAS 1.82 is partly duplicating what is already stated in IAS 1.85 and the wording of the two paragraphs should be considered, similar to our comment to IAS 1.54 and IAS 1.55 above. It would also be helpful if further guidance is included on how such disaggregated information should be presented. Could for example the profit shares from some joint ventures or associates be included in operating profit, while those from other joint ventures or associates are presented below operating profit?

We find the suggested amended guidance on subtotals helpful and agree that sub-totals should be presented consistently from period to period and that a change should be warranted with reference to IAS 8 *Accounting policies, Changes in accounting estimates and Errors* as explained in the basis for conclusion.

(c) We agree that there should not be a prescriptive order of the notes, but that the notes should be presented in a systematic manner taking understandability and comparability into consideration. We assume that comparability in this context refers both to comparability with other entities and for the same entity over time, but this could be considered clarified.

(d) We agree with the deletion of IAS 1.120 as it does not contain helpful guidance on what a significant accounting policy is. However, we see the need for more guidance and clarification regarding disclosures on accounting policies. Should the accounting principles repeat the general requirements of the applicable IFRS (when there are no principle choice) or could it be sufficient only to include description of entity specific application of accounting principles and accounting principles relating to items where the standard allows for a policy choice? We therefore welcome further work on this issue. We understand from BC22 that this is also the intention.

Question 2 – Presentation of items of other comprehensive income arising from equity-accounted investments

Do you agree with the IASB's proposal to amend IAS 1 for the presentation of items of other comprehensive income arising from equity-accounted investments amendments (see paragraphs 82A, BC1–BC6 and the Guidance on implementing IAS 1)?

If not, why and what alternative do you propose?

We agree with the suggested clarification.

Question 3 – Transition provisions and effective date
We agree with the suggested transition provisions.