



ED/2014/1 Disclosure Initiative Proposed amendments to IAS 1

Public Discussion

Frankfurt/Main, 06. June 2014



Exposure Draft

- Reasons for narrow-focus, clarifying amendments
 - Short-term projects under the Disclosure Initiative to reflect feedback from *Financial Reporting Disclosure Discussion Forum (January 2013)* and a related survey with investors
 - IFRS IC submission regarding the presentation of items of OCI arising from equity accounted investments
- No specific transition provisions

Timeline

- Exposure Draft published March 2014
- Comment letter deadline 23 July 2014
- Redeliberations start Q3 2014



Narrow-focus, clarifying amendments

- (1) Materiality
- (2) Additional and minimum line items
- (3) Order of notes
- (4) Accounting policies
- (5) Presentation of items of other comprehensive income arising from equity-accounted investments



(1) Materiality

Clarification

- Entities shall not aggregate or disaggregate information in a manner that obscures useful information
- Materiality requirements apply to primary financial statements and to the notes

EFRAG Draft Comment Letter – Proposal

- An entity shall not provide a specific disclosure required by an IFRS in the financial statements, including in the notes, if the information resulting from that disclosure is not material



(2) Additional and minimum line items

IASB proposed amendments

- Removal of the term “as a minimum” for line item requirements in the Statement of Financial Position and in the Statement of Profit or Loss and OCI
- Additional subtotals shall:
 - be made up of items recognised and measured in accordance with IFRS;
 - be presented and labelled in an understandable manner; and
 - be consistent from period to period
- Statement of Profit or Loss and OCI
 - Additional subtotals shall not be displayed with more prominence
 - Reconciliation for additional subtotals displayed



(3) Order of notes

IASB proposed amendments

- Clarification that an entity has flexibility to order the notes
 - Order must be systematic
 - Understandability and comparability of financial information must be considered for a systematic order for the notes



(4) Accounting policies

IASB proposed amendments

- Removal of guidance in IAS 1.120 for identifying a significant accounting policy, including removing potentially unhelpful examples

EFRAG Draft Comment Letter - Proposal

- Entity should disclose only those accounting policies for which the entity was allowed a degree of discretion in choosing and applying the policy



(5) Presentation of items of other comprehensive income arising from equity- accounted investments

IASB proposed amendments

- Clarification that the share of OCI of associates and joint ventures accounted for using the equity method should be presented as two line items:
 - items that will not be reclassified subsequently to profit or loss; and
 - items that will be reclassified subsequently to profit or loss when specific conditions are met

EFRAG Draft Comment Letter – Proposal

- Terminology: “investee” instead of “of associates and joint ventures”



ASCG - IFRS Committee

Preliminary views

- IASB proposals are a step in the right direction
- General concerns regarding a piece-by-piece approach for improving disclosures in IFRSs
- No significant changes or impact expected in practice
- Operational concerns regarding the EFRAG proposal that an entity shall not provide specific disclosure if the information is not material
- “disclosure of accounting policies” should be reworded into “disclosure about the selection and application of accounting policies”



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