



Memorandum

To:	AASB Members	Date:	8 October 2013
From:	Joanna Spencer	Agenda Item:	8.1 (M134)
Subject:	Withdrawal of AASB 1031 <i>Materiality</i>	File:	

Action

1. To consider the submissions received in response to Exposure Draft ED 243 *Withdrawal of AASB 1031 Materiality* and the staff collation of the submissions with a view to deciding whether or not to progress with the proposals in the ED.

Attachments

- Agenda paper 8.2 Staff collation the responses to ED 243;
- Agenda paper 8.3 Submissions received on ED 243 (1-8); and
- Agenda paper 8.4 AASB Exposure Draft ED 243 (June 2013).

Overview

2. The staff collation of the responses to ED 243 extracts the comments from respondents regarding the Specific Matters for Comment (SMCs) in the ED. The collation includes staff analysis and comments on the respondent comments; as well as staff recommendations on how to proceed with the project, and questions for the Board.

Background

3. At the February 2012 AASB meeting, the Board decided to issue an ED proposing to withdraw AASB 1031 *Materiality*. The arguments put forward for proposing to withdraw AASB 1031 were that the Standard was not necessary in light of the guidance on materiality in other Australian Accounting Standards and in the revised IASB Conceptual Framework, and the withdrawal would achieve consistency with the Board's policy of not providing unnecessary local guidance on matters covered by IFRSs. The Board noted that it did not expect the withdrawal to result in a change in practice regarding the application of materiality in financial reporting. Due to lack of staff resources, the issuance of this ED was delayed until 2013.
4. In April 2012, the Board made a [submission](#) to the European Securities and Markets Authority Consultation Paper (CP) *Considerations of materiality in financial reporting* expressing concern that issuing guidance on some issues raised in the CP could, in effect, re-interpret the wording of IFRSs and the IASB Conceptual Framework, and therefore possibly go beyond the matters of materiality.
5. In June 2013, ED 243 was issued with comments due by 23 August 2013.
6. At the September 2013 Board meeting the Board received an update on the submissions received on ED 243. The Board noted that most of the submissions on ED 243 were received

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subsequent to the preparation of agenda papers for the meeting, and that views in the submissions received seem to be mixed. Accordingly, the Board decided to consider the responses more fully at a future meeting. It will be useful to consider the comments on ED 243 in the context of information about the IASB's project. The IASB's project update is provided in Agenda paper 16.2.