ANZ

22 July 2014

Mr Hans Hoogervorst
Chairman
International Accounting Standards Board
30 Cannon Street
London EC4M 6XH
United Kingdom

Dear Mr Hoogervorst,

Re: ED/2014/1 'Disclosure Initiative' (Proposed amendments to IAS 1)

Australia and New Zealand Banking Group Limited (ANZ) is listed on the Australian Securities Exchange. Our operations are predominantly based in Australia, New Zealand and the Asia Pacific region. Our most recent annual results reported profits before tax of A$9.0 billion (US$9.0 billion) and total assets of A$703 billion (US$655 billion).

We are supportive of the IASB's work on the *Conceptual Framework for Financial Reporting* ('Conceptual Framework') and its *Disclosure Initiative* implementation and research projects and, in this context, welcome the opportunity to comment on the short-term project to clarify certain presentation and disclosure requirements of IAS 1 *Presentation of Financial Statements*. Overall, we support the narrow-focus amendments proposed in the exposure draft (ED), however we believe improvements could be made in the following areas:

- The proposed differentiation between *presentation* and *disclosure* is being introduced on a piecemeal basis in advance of the Conceptual Framework project. Additionally, the proposed differentiation has not been addressed holistically either within IAS 1 or IFRSs more broadly. Accordingly, to avoid creating inconsistencies and ambiguity through the amendments proposed in the ED, we recommend they either be deferred until the IASB has progressed its Conceptual Framework project or contemporaneous amendments be made to all IFRSs which use this terminology.
- While we do not object to the removal of the examples in paragraph 120, we believe the stated basis for doing so as outlined in paragraph BC21 of the Basis for Conclusions creates uncertainty as to the IASB's view on how paragraphs 117(b) and 119 should be applied in deciding whether to disclose a particular accounting policy. Specifically, the removal of the examples on the basis (per paragraph BC21) that they are in the nature of operations for many entities and are unlikely to be entity-specific could be read to imply that the IASB considers accounting policy disclosure is **only** required where a feature that is unique to the entity exists (i.e. policies commonly applicable to many entities would not be disclosed). Accordingly, we recommend that the IASB's Basis for Conclusions be revised to clarify the circumstances in which it would expect a non entity-specific accounting policy to be disclosed.

Detailed comments, where applicable, on the questions raised in the ED are attached as an Appendix to this letter. Whilst not detracting from our support for the ED proposals (other than the matters noted above), the Appendix also outlines various recommended drafting refinements to improve the clarity and understandability of the proposed amended standard.

Should you have any queries on our comments, please do not hesitate to contact me at shane.buggle@anz.com.

Yours sincerely

Shane Buggle
Deputy Chief Financial Officer

Copy: Chairman, Australian Accounting Standards Board (AASB)

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APPENDIX

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?

Our comments on each of the proposed amendments, including concerns and alternative suggestions are set out below.

Materiality and aggregation:

We are concerned that the proposed differentiation between *presentation* and *disclosure* is being introduced on a piecemeal basis in advance of the Conceptual Framework project. Additionally, the proposed differentiation has not been addressed holistically either within IAS 1 or IFRSs more broadly. For example:

- the terms *presentation* or *disclosure* (or other grammatical forms of those words) are used in paragraphs 17(b), 34, 36, 38C, 38D and 40C of IAS 1 but are not proposed to be amended by the ED; and
- the comments made in BC7 are somewhat <u>inconsistent</u> with paragraph 48 of IAS 1.

Accordingly, to avoid creating inconsistencies and ambiguity through the amendments proposed in the ED, we recommend they either be deferred until the IASB has progressed its Conceptual Framework project or contemporaneous amendments be made to all IFRSs which use this terminology. In the latter scenario, we recommend the different meanings of *presentation* and *disclosure* (as outlined in paragraph BC7), be added to the Definitions in paragraph 7 of IAS 1.

To enhance the clarity and understandability of the proposed amended standard, we make the following recommendations:

- We believe that the last sentence of paragraph 31 would be more appropriately worded as follows to enhance consistency with both *The Conceptual Framework for Financial Reporting* and terminology used elsewhere in IAS 1 (e.g. paragraphs 38, 55, 57(a), 57(b), 85, 112, 117 and the proposed amended paragraphs 54 and 113A):

  An entity shall also consider whether presentation or disclosure of information about matters addressed by an IFRS <u>is relevant to an understanding of the financial statements</u> ~~needs to be presented or disclosed to meet the needs of users of financial statements~~, even if that information is not included in the specific disclosure requirements of ~~the~~ that IFRS.

- We encourage the IASB to expediently complete its broader review of other IFRSs which use ‘as a minimum’ or similar terminology (as referred to in paragraph BC4) so as to prevent a situation where the mere fact that a standard retains the ‘as a minimum’ terminology implies a different disclosure threshold from another standard where that terminology has been removed.

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Statement of financial position and statement of profit or loss and other comprehensive income

We agree with the proposed amendments.

To enhance the clarity and understandability of the proposed amended standard, we make the following recommendations:

- We recommend that the language in paragraph 85B be reworded in line with the language in paragraph BC14(c) to remove the reference to "each excluded item" (which is undefined) and enhance clarity. For example:

  An entity shall, subject to materiality, present line items in the statement(s) of profit or loss and other comprehensive income that reconcile any subtotals presented in accordance with paragraph 85 to the subtotals or totals required by this IFRS ~~by presenting each excluded item in the statement(s) of profit or loss and other comprehensive income~~.

- We suggest the proposed requirement in paragraph 55A(c) should be reworded as follows to clarify that sub-totals can be changed in certain circumstances:

  (c) be consistent from period to period unless a changed presentation satisfies the criteria set out in paragraph 45.

Notes structure:

We have addressed our comments on paragraph 117 under *Disclosure of accounting policies* below.

With the exception of the following observation, we agree with the proposed amendments.

We note that paragraph 113A could be read to imply that an entity should reassess the order of its notes at each balance date to give prominence to disclosures that it views as more relevant to an understanding of its financial position or financial performance for the reporting period. We view the reduced year on year comparability that would result as undesirable and recommend that a qualification be added to paragraph 113 (so that it applies to both paragraphs 113A and 114) to state that the note order should be consistent from period to period unless a change in order satisfies the criteria set out in paragraph 45.

Additionally, as a minor observation, we recommend that paragraph 115 be reworded as follows for clarity:

> *An entity shall cross-reference each item presented in the statement of financial position, ~~and in~~ the statement(s) of profit or loss and other comprehensive income, ~~and in~~ the statement~~s~~ of changes in equity and the statement of cash flows, to any related information in the notes.*

Disclosure of accounting policies

While we do not object to the removal of the examples in paragraph 120, we believe the stated basis for doing so as outlined in paragraph BC21 of the *Basis for Conclusions* creates uncertainty as to the IASB's view on how paragraphs 117(b) and 119 should be applied in deciding whether to disclose a particular accounting policy. Specifically, the removal of the examples on the basis (per paragraph BC21) that they are in the nature of operations for many entities and are unlikely to be entity-specific could be read to imply that the IASB considers accounting policy disclosure is only required where a feature that is unique to the entity exists. By extension this would imply that an accounting policy does not require disclosure unless:

- o it addresses a particular transaction, other event or condition that is entity-specific; or
- o IFRS does not cover a particular issue and therefore management has used its judgement to develop and apply an accounting policy for the entity; or

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- IFRS contains more than one acceptable accounting policy from which the entity has made a selection.

Accordingly, we recommend that the IASB's Basis for Conclusions be revised to clarify the circumstances in which it would expect a non entity-specific accounting policy to be disclosed having regard to:

- the "*relevant to an understanding of the financial statements*" criteria in paragraph 117(b); and
- the "*whether disclosure would assist users in understanding how transactions, other events and conditions are reflected in reported financial performance and financial position*" criteria in paragraph 119.

In addition, to enhance the clarity and understandability of the proposed amended standard, we make the following recommendations:

- Given the proposed removal of the "*summary of*" terminology (in relation to significant accounting policies) from paragraphs 114(b) and 117 of IAS 1, we recommend that the IASB reconsider the wording of paragraphs 10(e) and 122 to avoid an inconsistency in the amended standard.
- Having regard to the removal of the "*summary of*" terminology in relation to significant accounting policies, we recommend that the IASB clarify in the Basis for Conclusions that the removal of this language is not intended to suggest that more detailed/lengthy accounting policy disclosure is expected following the proposed amendment.

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 IASB's proposal to amend IAS 1 for the presentation of items of other comprehensive income arising from equity-accounted investments.

In the context of enhancing the clarity and understandability of the proposed amended standard, we note that:

- footnote (b) to the examples illustrating the presentation of profit or loss and other comprehensive income under the <u>one statement</u> approach on pages 26 and 30 of the ED; and
- footnote (a) to the examples illustrating the presentation of profit or loss and other comprehensive income under the <u>two statements</u> approach on pages 27 and 31 of the ED,

contain the following sentence:

> *This example assumes that the share of associates' other comprehensive income relates only to property revaluation (hence, the classification in the statement of changes in equity).*

Given the footnotes refer to a statement of changes in equity which is presented a number of pages later in the standard, we recommend a cross reference be included in the bracketed text to clarify where users can find that statement of changes in equity.

Additionally, as a minor observation, we note that footnote (b) to the examples illustrating the presentation of profit or loss and other comprehensive income under the <u>one statement</u> approach could also be applied to the "Share of other comprehensive income of associates" line item in the alternative net of tax illustrations on pages 26 and 29 of the ED.

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Question 3—Transition provisions and effective date
Do you agree with the proposed transition provisions for the amendments to IAS 1 as described in this Exposure Draft (see paragraphs 139N and BC23–BC25)? If not, why and what alternative do you propose?

We agree with the proposed transition provisions.

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The Chairman
Australian Accounting Standards Board
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29 July 2014

Dear Mr Thomson

Ernst & Young's global submission to the IASB on the Invitation to comment – Exposure Draft ED/2014/1 *Disclosure Initiative (Proposed amendments to IAS 1)*

Please find enclosed Ernst & Young's global submissions to the IASB on the above exposure draft.

Yours sincerely

Ernst & Young

Ernst & Young

Encl:

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23 July 2014

Dear IASB members,

Invitation to comment – Exposure Draft ED/2014/1 *Disclosure Initiative (Proposed amendments to IAS 1)*

Ernst & Young Global Limited, the central coordinating entity of the global EY organisation, welcomes the opportunity to offer its views on the Exposure Draft ED/2014/1 *Disclosure Initiative (Proposed amendments to IAS 1)* (the ED) issued by the International Accounting Standards Board (the Board) in March 2014.

We support the Board's efforts to address some of the problems that have been identified with disclosures in financial statements.

Although the proposed amendments generally seem to be in line with the common understanding of the current IAS 1 *Presentation of Financial Statements*, we believe the ED highlights some of the problems in the existing practice. Therefore, it represents a meaningful first step towards the improvement of presentation and disclosure requirements. We look forward to the anticipated next steps announced in the ED.

We believe that the ED needs some additional consideration, clarification and/or guidance in certain areas so that it could be effectively applied in practice. These are explained in the Appendix as responses to the specific questions asked by the ED.

Should you wish to discuss the contents of this letter with us, please contact Leo van der Tas on +44 (0)20 7951 3152.

Yours faithfully

Ernst & Young Global Limited

Appendix

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 support the Board's proposal to emphasise that providing immaterial information can obscure useful information in financial statements, but not to prohibit entities from disclosing immaterial information. We agree with the Board that the latter requirement may not be operational. For instance, local requirements in certain jurisdictions may require additional disclosures of information that would otherwise be considered immaterial.

However, we have the following comments on the amendments suggested in paragraph 31:

- The intent of the second sentence is unclear, as it is requiring an entity to assess ("*shall* assess") the need for presentation and disclosure, while, as mentioned above, an entity may choose to present and disclose immaterial information. Requiring an entity to assess materiality, but not to act on it by distinguishing immaterial information from material information, is not meaningful, in our view. We therefore suggest the second sentence is deleted. If the second sentence is kept, we believe it must be clarified because it does not say how "an entity shall assess whether all of that information needs to be presented or disclosed (...)". We believe such assessment should be based on materiality. The first part of the sentence does not reconcile with the second part because of the conjunction "or whether", which may be replaced by "if".
- The fourth sentence in the paragraph, starting with "This is the case even if...", seems redundant as it repeats what is already said in the third sentence.

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- Furthermore, it is unclear why the Board proposes inclusion of the last sentence in paragraph 31, since a similar requirement is already contained in paragraph 17(c). Duplication may in effect give rise to additional "clutter" in the financial statements.

  Therefore, we would recommend amending paragraph 31 as follows:

  > "Some IFRSs identify information that is required to be presented or disclosed in the financial statements of an entity. ~~Notwithstanding these specific requirements, an entity shall assess whether all of that information needs to be presented or disclosed, or whether some of the information is immaterial and presenting or disclosing it would reduce the understandability of its financial statements by detracting from the material information.~~ An entity need 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. ~~This is the case even if the IFRS contains a list of specific requirements or describes them as minimum requirements. An entity shall also consider whether information about matters addressed by an IFRS needs to be presented or disclosed to meet the needs of users of financial statements, even if that information is not included in the specific disclosure requirements of the IFRS.~~"

(b) We agree that the lack of specific guidance on how to comply with paragraphs 55 and 85 is causing diversity in practice. Therefore, we support the proposal to clarify the characteristics of subtotals in the proposed paragraphs 55A and 85A.

We do not believe the removal of the wording "as a minimum" in the introduction of paragraph 54 alone would resolve the issue, i.e., the possible misconception that the current wording prevents entities from aggregating the line items specified if those line items are immaterial. We believe the word "shall" should be replaced with "may" or "would normally" in the first sentence of paragraphs 54 and 82, in order to achieve the intended effect.

Furthermore, we have the following comments on paragraphs 54 and 82:

- The added guidance on disaggregation of line items seems redundant, and potentially misleading. Generally, we do not believe that any of the items listed would require disaggregation on the face of the financial statements to achieve an understanding of the financial position and performance. In most cases the disclosure of disaggregated information in the notes would be sufficient. In particular, the example added at the end of paragraph 54 is not helpful, because we do not think disaggregation of "property, plant and equipment" into separate line items of "property", "plant" and "equipment" would add value to the users of financial statements. Overall, we are concerned that the added disaggregation guidance in paragraphs 54 and 82 in practice would have the effect of including unnecessary information in the financial statements, instead of reducing the "clutter". Furthermore, it is not clear to us what the intended interaction between the proposed disaggregation guidance in paragraphs 54 and 82 and the additional line items guidance in paragraphs 55 and 85 is.

- If the Board decides to keep the added guidance on disaggregation, we believe further clarification is needed on what kind of disaggregation would be appropriate. For example, it is not clear whether, in the context of paragraph 82, it would be appropriate to disaggregate the amount of the share of profit or loss of associates and joint ventures accounted for using the equity method by grossing it up and presenting the underlying components of the investee's income and expenses. Therefore, we believe the Board should clarify whether the disaggregated line items themselves should be measured and presented in accordance with other IFRSs.
- The Board should clarify whether the disaggregated items must be presented adjacent to each other, or if disaggregated line items may be placed non-adjacent, for instance, by including the share of profit or loss from some associates and joint ventures in operating income, while including the share of profit or loss from other associates and joint ventures below operating income, if such a split can be justified by reference to how operating income is defined. We have observed that current practice is mixed.
- The Board should also clarify whether the total of disaggregated items need to be presented. We have observed that current practice is mixed.

Finally, it is unclear what the meaning of the term "'non-GAAP' measures" in paragraph BC15 is. If the intention of the Board is to refer to "additional line items, headings and subtotals", as discussed in paragraphs 55 and 85, it should be reworded accordingly. Otherwise the meaning of the term "'non-GAAP' measures" needs to be clarified.

(c) The suggested amendment in paragraphs 113-117 is intended to encourage alternative structures in the notes to enhance understandability of the financial statements. Paragraph 113A introduces a new approach for determining a systematic ordering of the notes. Placing this paragraph before paragraph 114, describing the "conventional approach", in combination with the added word "alternatively" at the introduction of paragraph 114, seems to suggest that the 113A approach is the preferred one. We do not believe that is the intention.

At the same time, the amendment added in paragraph 113 introduces a requirement for an entity to consider a comparability condition when deciding on a systematic approach to the structuring of the notes. Comparability in this context may both be referring to consistency across periods, as well as comparability across entities. The latter notion seems to restrict entities in the selection of notes structuring approaches. It is not clear to us if this is an intended effect of including the comparability condition. Therefore, we find these proposed amendments potentially inconsistent and suggest the Board to provide further clarifications.

Furthermore, paragraph BC19 states that the IASB acknowledges that there is a trade-off between understandability and comparability of financial statements. We agree with this statement. The last sentence in BC19 then suggests that, with today's technology, there is less need for prescribing the order/structure of the notes. We agree with this as well. The combination of these two observations suggests that comparability may play a relatively less important role and, therefore, that in the trade-off with understandability, more emphasis should be put on the latter. We believe it would be helpful if the Board clarifies the role of the comparability threshold referred to in paragraph 113.

One additional issue that we believe the Board should consider in clarifying the use of judgement related to notes structure is the interaction between the financial statements and other reports. Paragraph 49 of IAS 1 requires that the financial statements are clearly distinguishable from other information. IFRS 7 *Financial Instruments: Disclosures* and IAS 34 *Interim Financial Reporting* both allow for certain information to be disclosed outside the financial statements provided it is incorporated by cross-reference (the cross-referencing option in IAS 34 only applies to condensed financial statements). Therefore, generally, entities include all required disclosures in the financial statements themselves, except where specific standards (as mentioned above) allow for placing the information outside the financial statements accompanied by appropriate cross-references. However, we are aware of some diversity in practice, which we believe results from alternative interpretations of paragraph 49. Therefore, we believe the Board should consider clarifying whether the requirements of paragraph 49 can be met by cross-referencing information outside the financial statements and, in that case, why IFRS 7 and IAS 34 include separate provisions about such cross-referencing.

(d) We generally support the proposed deletion of paragraph 120. However, BC21 seems to suggest an accounting policy needs to be entity-specific to warrant disclosure, i.e. that policy disclosures are only required if IFRS allows for policy choices. We do not believe this is the intention of the proposed amendments as it would not be consistent with the requirement in paragraph 117 to disclose the accounting policies relevant to an understanding of the financial statements. Therefore, we would recommend the Board to clarify the intention of the proposed amendment in the Basis for Conclusions.

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?

The introductory section of paragraph 82A, as currently drafted, does not make sense grammatically. We recommend the Board to reword it as follows: "The other comprehensive income section shall present line items for the period for the amounts ~~for the period~~ of: …".

We are also concerned that, in the ED, none of the illustrative examples illustrate a share of other comprehensive income of associates/joint ventures that may be reclassified subsequently to profit or loss. We believe that illustration of the share of other comprehensive income of associates only within "Items that will not be reclassified to profit or loss" section may be misleading. Even though the IASB tried to clarify this point by adding an explanatory footnote, we are concerned that the footnotes are not as visible as the example itself and may be overlooked. Therefore, we recommend the Board to extend some or all illustrative examples by including a line item for the share of other comprehensive income of associates/joint ventures within "Items that may be reclassified subsequently to profit or loss" section. However, if the Board decides to leave the examples as is, we believe that references to footnote (b) should also be added to line item "Share of other comprehensive income of associates" on pages 26 and 29 of the ED.

Question 3 - Transition provisions and effective date

Do you agree with the proposed transition provisions for the amendments to IAS 1 as described in this Exposure Draft (see paragraphs 139N and BC23–BC25)?

If not, why and what alternative do you propose?

We support the proposed transition provisions.

ED249 sub 7

The Institute of Public Accountants

Disclosure Initiative - IAS 1

INSTITUTE OF PUBLIC ACCOUNTANTS

Partnership beyond numbers

The Chairman International Accounting Standards Board 30 Cannon Street London EC4M 6XH United Kingdom	The Chairman Australian Accounting Standards Board PO Box 204 Collins Street West Victoria 8007 Australia

Dear Sirs

Re: Disclosure Initiative (Proposed Amendments to IAS 1)

Introduction

The Institute of Public Accountants (IPA) welcomes the opportunity to comment (belatedly) on Exposure Draft ED 2014/1 "Disclosure Initiative" (proposed amendments to IAS 1). The IPA supports the Disclosure Initiative.

The IPA is concerned with the increasing disclosure burden imposed on preparers and auditors, and is also concerned with the consequential impact on the usability of the financial report. As a result, the IPA is supportive of the ED 2014/1 with three reservations:

1. The introduction of paragraphs 55 and 85 may offer the ability to legitimise non-IFRS measures, particularly in relation to performance reporting;
2. The changes in relating to disclosure of accounting policies does not address the general failure to disclose specific relevant accounting policies rather than restatements of IFRS accounting principles; and
3. We question the requirement to provide reconciliations of paragraph 85 subtotals and unsure as to the utility such reconciliations provide to the users of financial statements.

The IPA is a professional organisation for accountants recognised for their practical, hands-on skills and a broad understanding of the total business environment. Representing more than 25,000 members nationally, the IPA represents members and students working in industry, commerce, government, academia and private practice. Through representation on special interest groups, the IPA ensures the views of its members are voiced with government and key industry sectors and makes representations to Government including the Australian Tax Office (ATO), Australian Securities and Investments Commission (ASIC) and the Australian Prudential Regulation Authority (APRA) on issues affecting the profession, industry and the public interest.

Our detailed comments and responses to the questions in the Exposure Draft are set out in Appendix A.

If you would like to discuss our comments, please contact the IPA at ipasubmissions@publicaccountants.org.au

Yours faithfully

Vicki Stylianou
Executive General Manager
Institute of Public Accountants

APPENDIX A

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;

(b) Statement of financial position and statement of profit and loss and other comprehensive income;

(c) Notes structure; and

(d) Disclosure of accounting policies.

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

IPA response

(a) Materiality and aggregation

While the IPA supports the changes we have two concerns. Firstly, the IPA believes the failure to provide a quantitative guideline in relation to materiality exacerbates the problems with the application of materiality. Up until recently Australia has been well served by a separate standard on materiality (AASB 1031 "Materiality" and its predecessor standards) which provided key guidance on an important accounting concept. The IPA believes the conceptual framework revisions should consider incorporating guidance similar to previous versions of AASB 1031.

Secondly, the IPA is concerned the new guidance in relation to disaggregation at paragraphs 55 and 85 is inconsistent with the guidance at paragraph 30A which states that information should not be aggregated or disaggregated in a manner which obscures useful information. The IPA is concerned with the introduction of non-GAAP measures (particularly alternative measures of performance) being introduced on the face of the financial statements by using the guidance at paragraphs 55 and 85.

(b) *Statement of financial position and statement of profit and loss and other comprehensive income*

The IPA supports the objective of clarifying the list of disclosures at paragraph 54 is not mandatory but subject to materiality. As such, the IPA believes the introductory sentence should be as follows:

> *"The statement of financial position shall include, where material, line items that present the following amounts"*

(c) Notes structure

The IPA supports the proposed changes.

(d) *Disclosure of accounting policies*

While the IPA supports the proposed changes, we believe these changes to do not address that many accounting policy disclosures are often uninformative restatements of the requirements of IFRS. IAS 1 should include an explicit requirement to state, where IFRS provides alternative accounting options and the basis for the selection of the option. Similarly IAS 1 should explicitly state an entity is to describe the manner in which they have applied IFRS measurement principles and restatement of IFRS principles is not sufficient.

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?
If not, why and what alternative do you propose?

IPA response

The IPA supports the proposed changes.

Question 3 – Transition provisions and effective date

Do you agree with the proposed transition provisions for the amendments to IAS 1 described in this Exposure Draft?

IPA response

The IPA supports the proposal.