



23 June 2014

Mr H. Hoogervorst  
Chairman  
International Accounting Standards Board  
30 Cannon Street  
London EC 4M 6Xh  
UNITED KINGDOM

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Dear Mr Hoogervorst

**ED/2014/1 "Disclosure Initiative: Proposed  
Amendments to IAS 1"**

The Group of 100 (G100) is an organization of chief financial officers from Australia's largest business enterprises with the purpose of advancing Australia's financial competitiveness. The G100 is pleased to provide comment on this ED.

The G100 strongly supports initiatives to address the volume and complexity of disclosure requirements and views ED/2014/1 as an important initial step by the IASB.

**Q1 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 paras 29-31 and BC1-8 of this ED;*
- b. *Statement of financial position and statement of profit or loss and other comprehensive income (see paras 54, 55A, 82, 85A and 85B and BC9-BC15 of this ED);*
- c. *Notes structure (see paras 113-117 and BC16-BC19 of this ED*
- d. *Disclosure of accounting policies (see paras 120 and BC20-BC22 of this ED;*

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

**The G100 supports the proposed amendments which seek to clarify some of the requirements of IAS 1 and practice which has evolved in applying those requirements.**

**In our publication "*Less is More* (2009) ([www.group100.com.au/publications](http://www.group100.com.au/publications)) we argued that the principles approach to standard-setting is contradicted by the rules-based approach to disclosure requirements and the approach to compliance. As explained in this document and our comments on the IASB's Discussion Paper '*A review of the conceptual framework...*' the G100 believes that the time is appropriate to develop a principles-based framework for assessing current disclosures and developing new disclosure requirements. The G100 believes that disclosure principles should focus on relevance, materiality and transparency.**

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The G100 strongly supports the proposals to amend the materiality requirements so that directors and managers can better exercise their judgement as to whether an item is material or not without concerns about the insistence by auditors and regulators that disclosure is expected. Removal of disclosures that are immaterial will enable users to focus on the key information about the performance, position and cash flows of the entity. Recent developments in Australia also emphasise the importance of how the materiality concept is applied, for example, initiatives by PricewaterhouseCoopers in respect of streamlining financial reports and the AASB staff paper '*To disclose or not to disclose: Materiality is the question*'.

The G100 supports the proposed amendments:

- to remove the potential for the requirements of IAS 1 para 54 to be interpreted as prescriptive requirements;
- to address the perception that sub-totals are not permitted;
- to clarify that entities have flexibility as to adopting a systematic order for the notes to better communicate with shareholders and other users of the financial statements. For example, a major feature of the PwC Australia approach to streamlining financial reports is a more user-friendly organisation of the structure and content of the notes; and
- relating to the disclosure of accounting policies.

**Q2 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 paras 82A, BC1-BC6 and the Guidance on implementing IAS 1)? If not, why and what alternative do you propose?*

**The G100 agrees with the proposed amendment.**

**Q3 Transition provisions and effective date**

*Do you agree with the proposed transition provisions for the amendments to IAS 1 as described in this ED (see paras 139N and BC23-BC25)? If not, why and what alternative do you propose?*

**The G100 agrees with the proposed transition requirements.**

Yours sincerely  
**Group of 100 Inc**



**Neville Mitchell**  
President

c.c. Mr K Stevenson – AASB Chairman