

Exposure Draft ED/2014/1

Disclosure Initiative - Proposed amendments to IAS 1

response to exposure draft

30 July 2014

CIPFA, the Chartered Institute of Public Finance and Accountancy, is the professional body for people in public finance. Our 14,000 members work throughout the public services, in national audit agencies, in major accountancy firms, and in other bodies where public money needs to be effectively and efficiently managed.

As the world's only professional accountancy body to specialise in public services, CIPFA's portfolio of qualifications are the foundation for a career in public finance. They include the benchmark professional qualification for public sector accountants as well as a postgraduate diploma for people already working in leadership positions. They are taught by our in-house CIPFA Education and Training Centre as well as other places of learning around the world.

We also champion high performance in public services, translating our experience and insight into clear advice and practical services. They include information and guidance, courses and conferences, property and asset management solutions, consultancy and interim people for a range of public sector clients.

Globally, CIPFA shows the way in public finance by standing up for sound public financial management and good governance. We work with donors, partner governments, accountancy bodies and the public sector around the world to advance public finance and support better public services.

Our ref: Responses/140730 SC0211

International Accounting Standards Board
30 Cannon Street
London EC4M 6XH
Submitted electronically to www.ifrs.org
July 2014

Dear IASB secretariat

Exposure Draft ED/2014/1

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CIPFA is pleased to present its comments on the matters discussed in this exposure draft, which have been reviewed by CIPFA's Accounting and Auditing Standards Panel.

General Comments

While CIPFA has an interest in financial reporting generally, we have a specific interest in both public sector and wider not-for-profit reporting. We therefore have a particular interest in issues which would affect the use of IASB standards by these entities.

In this context we expect that the Disclosure Initiative Amendments will help preparers to develop financial reporting that is clearer and more concise. We very much welcome the emphasis placed on the need for judgement to be used in determining the level of disclosure. CIPFA has no observations to make on the proposals for OCI which have little impact on most public sector preparers.

Responses to the Questions for Respondents

Responses to the questions in the exposure draft are attached in an annex to this letter.

If you have any questions about this response, please contact Steven Cain (e:steven.cain@cipfa.org, t:+44(0)20 7543 5794).

I hope this helps the Board in its development of an improved framework.

Yours faithfully

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Responses to Questions for Respondents

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?

CIPFA generally considers that the proposed amendments will help entities use judgement when applying IAS 1, and this will help achieve appropriate levels of disclosure. However, we have some concerns in relation to the detailed drafting as set out below.

Materiality and related terms

The term 'material' and related terms such as 'significant', 'key' and 'critical', are not used consistently within the Conceptual Framework and IFRSs. The Board is considering the use of these terms as part of its 'Materiality' project, and we would encourage the Board to ensure that the definition of 'material' provided within the defined terms for IAS 1 is in line with the definition that will be included in the revised Conceptual Framework.

Presentation and disclosure

The terms 'present' and 'disclose' are not used consistently. The Board provides definitions of these terms in paragraph BC7 of the ED, but these seem only to apply to the use of these terms in amendments, rather than where they were in the original text. We appreciate that the Board is still developing its material on presentation and disclosure in the Conceptual Framework, but we would urge the Board to ensure that the drafting within IAS 1 is internally consistent, and as aligned as possible with the revised Conceptual Framework.

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?

CIPFA has no observations to make on these proposals which have little impact on most public sector preparers.

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?

CIPFA is content with the proposed transition provisions.