



IFRS® Foundation

Disclosure Initiative— Accounting Policies

Emerging Economies Group Meeting

Agenda Paper 1
30 November-1 December 2020

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Project	Disclosure Initiative—Accounting Policies		
Paper topic	Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)		
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Purpose of this paper

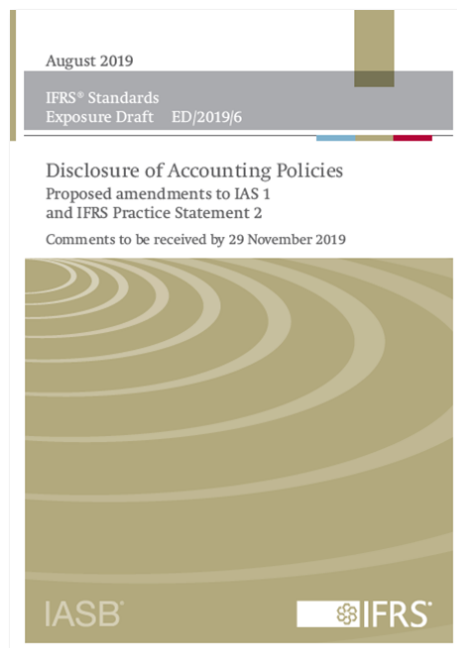
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- To provide EEG members with an overview of the forthcoming amendments to IAS 1 *Presentation of Financial Statements* and IFRS Practice Statement 2 *Making Materiality Judgements*

Overview

Amendments to IAS 1 *Presentation of Financial Statements*

Amendments to IFRS Practice Statement 2 *Making Materiality Judgements*



Amendments to:

- IAS 1 *Presentation of Financial Statements*
- IFRS Practice Statement 2 *Making Materiality Judgements*

Objective:

- help entities apply the **definition of material** in making decisions about accounting policy disclosures
- help entities provide accounting policy disclosures that are more useful to primary users of financial statements

Effective date and transition requirements:

- amendments to IAS 1 apply to **annual reporting periods beginning on or after 1 January 2023**
- early application is permitted

Amendments to IAS 1 *Presentation of Financial Statements*

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- The Board is amending IAS 1 to **require an entity to disclose its material accounting policy information** (paragraph 117 of IAS 1)
- The amendments to IAS 1 state that **accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can influence primary users' decisions about the entity** (paragraph 117 of IAS 1)
- The amendments to IAS 1 also list **examples of circumstances in which an entity is likely to consider accounting policy information to be material** to its financial statements (paragraph 117B of IAS 1):
 - if the entity changed its accounting policy and that change resulted in a material change to the financial statements;
 - if the entity made an accounting policy choice permitted by the Standards;
 - if the accounting policy was developed in accordance with IAS 8 in the absence of a Standard that specifically applies;
 - if the accounting policy relates to an area for which the entity is required to make significant judgements or assumptions in applying an accounting policy;
 - if the accounting required for a material transaction, other event or condition is complex and users of the entity's financial statements would otherwise not understand it.

Amendments to IFRS Practice Statement 2

Making Materiality Judgements

Agenda ref 1

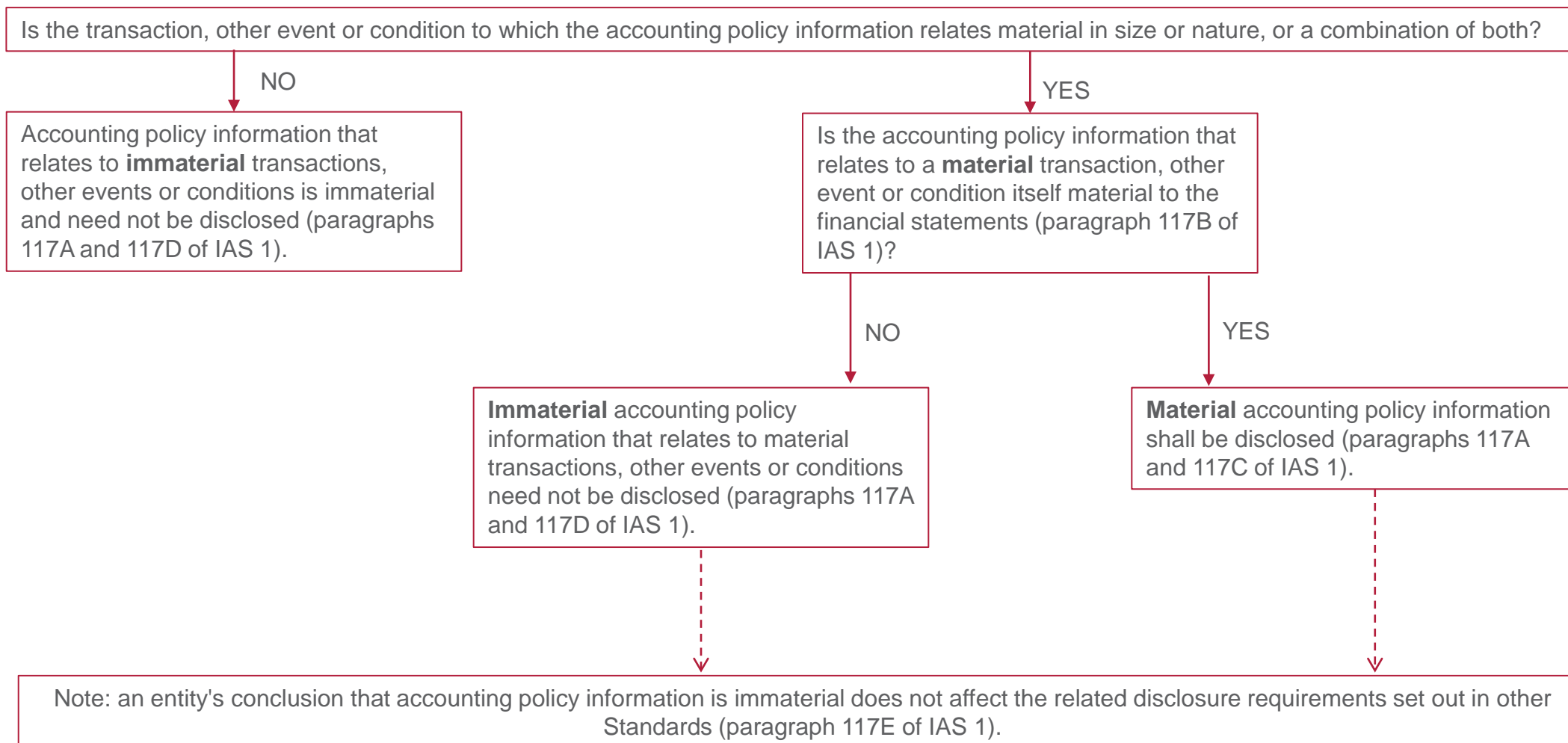
- To support the amendments to IAS 1, the Board is also amending IFRS Practice Statement 2 to illustrate how an entity could judge whether information about an accounting policy is material to its financial statements
- The guidance and examples support the amendments by:
 - highlighting the need to **focus on useful information for primary users** of financial statements; and
 - demonstrating how **the four-step materiality process** described in IFRS Practice Statement 2 can address:
 - **standardised (or boilerplate) information** disclosed about accounting policies material to the financial statements; and
 - accounting policy disclosures that contain only **information that duplicates the requirements of IFRS Standards**

Amendments to IFRS Practice Statement 2

Making Materiality Judgements (cont.)

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Determining whether accounting policy information is material:



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