INSTITUTE OF SINGAPORE CHARTERED ACCOUNTANTS

60 Cecil Street, ISCA House,
Singapore 049709
TEL +65 6749 8060
FAX +65 6749 8061
www.isca.org.sg

31 December 2019

International Accounting Standards Board
30 Cannon Street
London EC4M 6XH
United Kingdom

Dear Sirs,

RESPONSE TO EXPOSURE DRAFT – DISCLOSURE OF ACCOUNTING POLICIES – PROPOSED AMENDMENTS TO IAS 1 AND IFRS PRACTICE STATEMENT 2 ("ED")

ISCA sought views from its members on the above ED through a two-month public consultation and from the ISCA Financial Reporting Committee which includes experienced technical accounting professionals from large accounting firms, preparers and other stakeholders.

We agree with the Board's plan to propose amendments to IAS 1 *Presentation of Financial Statements* and IFRS Practice Statement 2 *Making Materiality Judgements*. In addition, we agree that this is a useful initiative and support the Board's objectives of encouraging entities to demonstrate how they have applied the IFRS Standards to entity-specific information and to discourage 'boiler-plate' accounting policy disclosures.

Notwithstanding this, we would like to share the following concerns regarding the proposed amendments:

(i) Support required from the financial eco-system

We believe that the proposed amendments to IAS 1 and IFRS Practice Statement 2 are unlikely to be the impetus for change. In practice, entities may not be motivated to change their current disclosures on accounting policies, as doing so may attract scrutiny from stakeholders such as regulators.

In order to change entities' behavior and for them to embark on disclosing only their material accounting policies and reduce unnecessary "boiler-plate" accounting policy disclosures, other stakeholders in the financial eco-system have an important role in convincing entities on the value of presenting quality disclosures for their primary users.

For example, regulators, auditors and stock exchanges could push entities and encourage them to develop more useful and relevant disclosures.

(ii) Streamline and improve disclosure requirements in individual accounting standards

We understand that the Board's current project on "*Disclosure Initiative – Targeted Standards-level Review of Disclosures*" aims to develop guidance to help the Board develop and draft disclosure objectives and requirements in future, and that this guidance is being applied to the disclosure sections of IAS 19 *Employee Benefits* and IFRS 13 *Fair Value Measurement*.

While we understand that the concept of materiality should be applied to entities' disclosures, this may be difficult to execute in practice as the disclosure requirements in the accounting standards may contain overly prescriptive wordings which might be inconsistent with the materiality concept. To address this, we urge the Board to streamline and improve the disclosure requirements in the individual accounting standards.

(iii) Provide greater clarity over proposed amendments

Although proposed paragraph 117B of IAS 1 provides examples of accounting policies which could be material, the Board could also consider stating criteria or providing guidance for determining when an accounting policy would not be material.

In addition, the Board could also consider shifting the proposed examples S and T in the IFRS Practice Statement 2 to IAS 1 *Illustrative Examples*, to make them more accessible to readers. We also suggest the inclusion of more examples to illustrate how the concept of materiality can be applied in making decisions about accounting policy disclosures.

Should you require any further clarification, please feel free to contact myself or Mr Marcus Chan, Assistant Manager, TECHNICAL: Financial & Corporate Reporting, from ISCA via email at jumay.lim@isca.org.sg or marcus.chan@isca.org.sg.

Yours faithfully,

Ms Ju May, LIM
Deputy Director
TECHNICAL: Financial & Corporate Reporting;
Ethics & Specialised Industries;
Audit & Assurance