THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA
(Set up by an Act of Parliament)

Western India Regional Council

WIRC/ICAI/ 5558 /2019 **9th October, 2019**

CA. Vidhyadhar Kulkarni,
Technical Consultant
Secretary
Accounting Standards Board
The Institute of Chartered Accountants of India,
ICAI Bhawan, Post Box No. 7100,
Indraprastha Marg, New Delhi 110 002

Dear Sir,

Sub.: Exposure Draft Issued by IASB for Comments

We are enclosed herewith the Comments on Exposure Draft on **Disclosure of Accounting Policies (Proposed amendments to IAS 1 and IFRS Practice Statement 2).**

Kindly acknowledge the receipt of the same.

Thanking you,

Yours truly,

CA. Priti Savla
Chairperson - WIRC of ICAI

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Question	Comments		
	Response	**Paragraph reference**	**Rationale**
The Board proposes to amend paragraph 117 of IAS 1 to require entities to disclose their 'material' accounting policies instead of their 'significant' accounting policies. Do you agree with this proposed amendment? If not, what changes do you suggest and why?	Yes agree	117 of IAS 1	This would reduce the content of accounting policy disclosure and make the financial statements more readable e.g. in case the entity does not deal in complex financial instruments, the accounting policies for the same can be excluded.
The proposed new paragraph 117A of IAS 1 states that not all accounting policies relating to material transactions, other events or conditions are themselves material to an entity's financial statements. Do you agree with this proposed statement? If not, what changes do you suggest and why?	Don't agree	117A of IAS 1	"Not all accounting policies relating to material transactions, other events or conditions are themselves material'– this drafting would create ambiguity specially if examples are not provided or further guidance is not added.
The proposed new paragraph 117B of IAS 1 lists examples of circumstances in which an entity is likely to consider an accounting policy to be material to its financial statements. Do the proposed examples accurately and helpfully describe such circumstances? If not, what changes do you suggest and why?	Yes	117B of IAS 1	Examples given guides the entity whether to include any particular accounting policy or not. One example which can be added is – what relevant for previous year, but is no longer relevant in the year of reporting.
The Board proposes to add to IFRS Practice Statement 2 two examples that illustrate how the concept of materiality can be applied in making decisions about accounting policy disclosures. Are these examples useful and do they	No, not useful	Diagram in IFRS Practice Statement 2	The diagram and examples given help in deciding whether an accounting policy is a material accounting policy or not is a repetition from the standard

demonstrate effectively how the concept of materiality can be applied in making decisions about accounting policy disclosures? If not, what changes do you suggest and why?			More practical guidance may be provided for items which should be omitted / deleted without impacting the overall benefit to the users of financial statements.
Would any wording or terminology introduced in the proposed amendments be difficult to understand or to translate?	No	-	Significant accounting policy has been in use and in practice since many years. Initially some difficulty may be faced due to the transition, however over a period if this results in more relevant policies being disclosed it would benefit the users
Do you have any other comments about the proposals in this Exposure Draft?	Yes	-	Definition of material transaction can have been specifically described financial limits, such as 5% of PBT or 1% of turnover etc. or what other criteria to be used for determining materiality. Cases where disclosure as per IFRS is sufficient the accounting policy could be avoided, e.g. cash flow, segment reporting