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Comments on Exposure Draft of Disclosures of Accounting Policies

After reading the contents of the Exposure draft, it appeared that it is emphasizing on the word 'Material' instead of the word 'Significant'.

The exposure draft intends to disclose Accounting policies for only those transactions, events or conditions that are 'Material' to the transactions.

This is nothing but putting an old wine into a new bottle. It should clarify and explain the word 'Significant' as well.

The word "Significant" is more familiar to the auditors and entities as they are applying it consistently over the years.

Now, the auditor will have to apply its judgement relating to Accounting policies also that whether it is material or not even though the transactions, conditions or events to which the Accounting policy it relates is already taking into consideration about their materiality.

If we think from the user's perspective, a reader of financial statements sees the same Accounting policy is being disclosed previously as "Significant Accounting policies" and now after the issuance of this amendment as "Material Accounting policies". The reader wonders for the reason for changing from "Significant" to "Material" even though there is no such change in the contents disclosed.

The Board could have simply clarified that "An Accounting policy would be significant if its disclosure is needed for a user to understand the information provided about a material transaction, event or condition.

Therefore, we do not agree with the proposed amendment to replace the word "Significant" with "Material" for the reasons stated above.

SarashKumrajain

CA Sarash Jain
Chairman