



Disclosure Initiative – Amendments to IAS 1

February 2015

Monthly Newsletter

The final Standard Disclosure Initiative (Amendments to IAS 1) was published in December 2014. The amendments aim to improve the presentation and disclosure in IFRS.

In most cases the amendments focused on overly prescriptive interpretations of the wording in IAS 1.

What were amended with the new Standard?

The following was amended in this project:

1. Materiality and Aggregation
2. Minimum Line Items
3. Presentation of OCI
4. Notes

Materiality and Aggregation

- An entity should not obscure material information with immaterial information or by aggregating material items that have different natures or functions.
- Management must decide on HOW these are aggregated or disaggregated based on relevant facts and circumstances.
- Where an IFRS requires an item to be included in the financial statements, the disclosures relating to that item need ONLY be given if they are material.
- This applies even where the standard describes it as 'Minimum requirements'.
- An entity must consider whether to provide additional disclosures when compliance with the specific requirements in IFRS is insufficient to enable users of financial statements to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance.
- Previously IAS 1 listed a number of items that were required in the SoFP. These were titled 'At a minimum' - this resulted in the belief that these items had to be given REGARDLESS of their materiality.
- This 'At a minimum' requirement has now been removed and it was clarified that these items may be aggregated if immaterial.

The final standard is effective for annual periods beginning on or after 1 January 2016. Earlier application is permitted.

Minimum line items

IAS 1 requires an entity to disclose subtotals where these are relevant to a user's understanding. The amendment states that the subtotals shall:

- be comprised of line items made up of amounts recognised and measured in accordance with IFRS;
- be presented and labelled in a manner that makes the line items that constitute the subtotal clear and understandable;
- be consistent from period to period; and
- not be displayed with more prominence than the subtotals and totals required in IFRS for the statement of financial position.

Presentation of other comprehensive income

For Associates/Joint Ventures which are equity accounted, the following must be recognised:

- Share of their profit or loss
 - Share of their OCI
- SPLIT INTO:
- That which will be recycled
 - That which will NOT be recycled

Each entity must consider the nature of its operations and the policies the users of the financial statements would expect to be disclosed for that type of entity.

Notes to financial statements

Notes must be arranged taking into account the understandability and comparability of the financial statements. Examples of how the notes could be structured:

- Giving prominence to the areas that the entity considers to be most relevant to an understanding of its financial performance and financial position, such as grouping together information about particular operating activities;
- Grouping together items measured similarly ie: at fair value;
- Following the order of items in the primary statements.