

July 8, 2014

International Accounting Standards Board  
30 Cannon Street  
London, UK  
EC4M 6XH

cc: Canadian Accounting Standards Board

**Subject: Comments to Proposed amendments to IAS 1 – Exposure Draft ED/2014/1**

Dear IASB Members:

The Canadian Securities Administrators (CSA) is an organization of Canada's provincial and territorial securities regulators whose objective is to improve, coordinate and harmonize regulation of the Canadian capital markets. The CSA Chief Accountants Committee is comprised of the Chief Accountants from the provinces of Quebec, Ontario, Alberta and British Columbia.

We are submitting this letter to you in response to the Exposure Draft from the International Accounting Standards Board (the IASB) titled *Disclosure Initiative Proposed amendments to IAS 1*. We appreciate the opportunity to comment on the ED given the impact these proposals may have on presentation and disclosure in financial statements. We are supportive of the Board's broader Disclosure Initiative project, including this short-term project proposing amendments to IAS 1 *Presentation of Financial Statements* to clarify presentation and disclosure requirements. We have focused our comments on question 1 in the Invitation to Comment relating to Disclosure Initiative amendments.

**1. Paragraphs 55A, 85A and 85B**

**Consistency:**

Under sub-paragraphs 55A (c) and 85A (c), the amendments propose that *subtotals shall be consistent from period to period*. We agree with the underlying principal that subtotals should be consistent from period to period in order to preserve comparability and understandability. However, we believe that the proposed language is too restrictive as it implies that adding a new subtotal or removing a previously disclosed subtotal or changing the components is not permissible other than when it results from a change in accounting policy or estimate as specified in paragraph 14(b) of the Basis for Conclusions. There could be other circumstances that warrant changing, removing or adding a subtotal or changing the composition of a component. When such circumstances exist, we believe an entity should explain the changes and the reasons these changes provide reliable and more relevant information about the entity's financial position or performance.

**Relevancy:**

Under paragraphs 55 and 85, an entity shall present additional line items, headings and subtotals in the statement of financial position or the statement(s) presenting profit or loss and other comprehensive income when such presentation is relevant to an understanding of the entity's financial position or performance respectively. However, the entity is not required under the new proposals to explain the relevancy of presenting a subtotal. We believe that an explanation of relevancy, where not obvious, would be useful.

**Reconciliation:**

Under paragraph 85B, *an entity shall reconcile any subtotals presented in accordance with paragraph 85 to the subtotals or totals required by this IFRS by presenting each excluded item in the statement(s) of profit or loss and other comprehensive income.* We believe the requirement is not clear and that it could create confusion. In our view, a subtotal presented in the statement(s) of profit or loss and other comprehensive income is by definition reconciled to the subtotals or totals required by IAS 1. We recommend clarifying that a subtotal should be reconciled to a subtotal or total required by IAS 1 on the face of the statement(s) of profit or loss and other comprehensive income and that additional reconciliation is necessary only if the subtotal is presented elsewhere in the financial statements.

**Labelling:**

Sub-paragraphs 55A (b) and 85A (b) of the amendments propose that *subtotals shall be presented and labelled in a manner that makes what constitutes the subtotal understandable.* In our view a subtotal label can be understandable but given its composition will not necessarily be meaningful for investors. For example, a subtotal labelled "income before the undernoted items" is generally not meaningful because "undernoted items" does not sufficiently describe the items that are missing from income. We believe subtotals should be given meaningful labels reflecting their composition.

**Scope:**

The proposed amendments to paragraphs 55A, 85A and 85B provides guidance only when an entity presents subtotals in the statement of financial position and the statement(s) of profit and loss and other comprehensive income. An entity can also present subtotals in the notes to the financial statements and similarly in the statement of cash flow. We believe similar guidance including the additional requirements that we have proposed in this letter should be considered when an entity presents subtotal in the notes to the financial statements and the statement of cash flow.

**2. Materiality and Aggregation**

We support proposed new paragraph 30A which provides guidance on aggregation or disaggregation of information included in the financial statements.

We also support the IASB's efforts with its Materiality Project. We believe that it would be useful for preparers to have greater guidance in how to apply judgment to the application of materiality in practice. We believe that additional guidance is important to ensure the concepts in paragraph 31 are applied appropriately, in particular with respect to disclosure requirements. For example, additional guidance could assist entities in preparing the disclosures required by paragraph 130 of IAS 36 when a material impairment loss occurs.

### **3. Notes Structure and Disclosure of Accounting Policies**

We support the changes proposed to paragraphs 113 – 117 and 120. We think these changes will promote more meaningful and concise notes.

If you have any questions about this letter, please do not hesitate to contact us.

Yours truly,

#### **The CSA Chief Accountants Committee**

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