



EFRAG DRAFT ENDORSEMENT ADVICE ON AMENDMENTS TO IAS 1

ICAEW welcomes the opportunity to respond to the draft endorsement advice and effects study report on *Disclosure Initiative – amendments to IAS 1* published by EFRAG in February 2015.

The response of March 2015, reproduced below, has been prepared on behalf of ICAEW by the Financial Reporting Faculty. The appendices to the EFRAG draft endorsement advice and effects study report have been excluded from our response.

Recognised internationally as a leading authority on financial reporting, the Faculty, through its Financial Reporting Committee, is responsible for formulating ICAEW policy on financial reporting issues and makes submissions to standard setters and other external bodies on behalf of ICAEW. The Faculty provides an extensive range of services to its members including providing practical assistance with common financial reporting problems.

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ICAEW members operate across a wide range of areas in business, practice and the public sector. They provide financial expertise and guidance based on the highest professional, technical and ethical standards. They are trained to provide clarity and apply rigour, and so help create long-term sustainable economic value

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**INVITATION TO COMMENT ON EFRAG'S ASSESSMENTS ON
DISCLOSURE INITIATIVE – AMENDMENTS TO IAS 1**

Comments should be sent to commentletters@efrag.org by [27 March 2015]

EFRAG has been asked by the European Commission to provide it with advice and supporting material on Disclosure Initiative – Amendments to IAS 1 ('the Amendments'). In order to do that, EFRAG has been carrying out an assessment of the Amendments against the technical criteria for endorsement set out in Regulation (EC) No 1606/2002 and has also been assessing the costs and benefits that would arise from its implementation in the European Union (the EU) and European Economic Area.

A summary of the Amendments is set out in Appendix 1 of the accompanying Draft Letter to the EC.

Before finalising its two assessments, EFRAG would welcome your views on the issues set out below. Please note that all responses received will be placed on the public record, unless the respondent requests confidentiality. In the interest of transparency EFRAG will wish to discuss the responses it receives in a public meeting, so we would prefer to be able to publish all the responses received.

EFRAG initial assessments summarised in this questionnaire will be amended to reflect EFRAG's decisions on Appendix 2 and 3 of the accompanying Draft Letter to the EC.

1 Please provide the following details about yourself:

- (a) Your name or, if you are responding on behalf of an organisation or company, its name:

ICAEW

- (b) Are you a:

Preparer User Other (please specify)

- (c) Please provide a short description of your activity:

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order to ensure that the highest standards are maintained.

(d) Country where you are located:

United Kingdom

(e) Contact details including e-mail address:

Chartered Accountants’ Hall, Moorgate Place, London, EC2R 6EA, UK

Email: frfac@icew.com

Telephone: +44 (0)20 7920 8100

2 EFRAG’s initial assessment of the Amendments is that they meet the technical criteria for endorsement. In other words, they are not contrary to the principle of true and fair view and they meet the criteria of understandability, relevance, reliability and comparability. EFRAG’s reasoning is set out in Appendix 2 of the accompanying Draft Letter to the EC.

(a) Do you agree with this assessment?

Yes No

If you do not, please explain why you do not agree and what you believe the implications of this should be for EFRAG’s endorsement advice.

(b) Are there any issues that are not mentioned in Appendix 2 of the accompanying Draft Letter to the EC that you believe EFRAG should take into account in its technical evaluation of the Amendments? If there are, what are those issues and why do you believe they are relevant to the evaluation?

No

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- 3 EFRAG is also assessing the costs that are likely to arise for preparers and for users on implementation of the Amendments in the EU, both in year one and in subsequent years. Some initial work has been carried out, and the responses to this Invitation to Comment will be used to complete the assessment.

The results of the initial assessment of costs are set out in paragraphs 9 and 12 of Appendix 3 of the accompanying Draft Letter to the EC. To summarise, EFRAG’s initial assessment is that the Amendments will not result in significant costs for users and are likely to be cost neutral for preparers.

Do you agree with this assessment?

Yes No

If you do not, please explain why you do not and (if possible) explain broadly what you believe the costs involved will be?

- 4 In addition, EFRAG is assessing the benefits that are likely to be derived from the Amendments. The results of the initial assessment of benefits are set out in paragraph 14 of Appendix 3 of the accompanying Draft Letter to the EC. To summarise, EFRAG’s initial assessment is that users and preparers are likely to benefit from the Amendments, as they enable entities to exercise more judgement in presenting and disclosing information and hence result in improving the relevance of disclosures in the notes to the financial statements and avoid obscuring relevant information.

Do you agree with this assessment?

Yes No

If you do not agree with this assessment, please provide your arguments and indicate how this should affect EFRAG’s endorsement advice?

- 5 EFRAG’s initial assessment is that the benefits to be derived from implementing the Amendments in the EU as described in paragraph 4 above are likely to outweigh the costs involved as described in paragraph 3 above.

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Do you agree with this assessment?

Yes No

If you do not agree with this assessment, please provide your arguments and indicate how this should affect EFRAG’s endorsement advice?

- 6 EFRAG’s initial assessment is that the Amendments are not expected to have effects beyond the improvement they bring to financial reporting with a favourable cost/benefit trade off and therefore they are assessed as being conducive to the European public good.

Do you agree with this assessment?

Yes No

If you do not agree with this assessment, please provide your reasons.

- 7 EFRAG is not aware of any other factors that should be taken into account in reaching a decision as to what endorsement advice it should give the European Commission on the Amendments.

Do you agree that there are no other factors?

Yes No

If you do not agree, please provide your arguments and indicate how this should affect EFRAG’s endorsement advice?
