

Brussels, 28<sup>th</sup> October 2019  
VH/AP

**EACB comments on IASB Consultation on Disclosure of Accounting Policies (IAS 1 and IFRS Practice Statement 2)**

**General comments**

The European Association of Cooperative Banks (EACB) gladly takes the opportunity to comment on the IASB consultation about Disclosure of Accounting Policies (IAS 1 and IFRS Practice Statement 2).

The EACB welcomes the IASB's effort to introduce narrow-scope amendments to IAS 1 (Presentation of Financial Statements) and IFRS Practice Statement 2 (Making Materiality Judgements) in order to help companies provide useful accounting policy disclosures to users of financial statements.

The EACB is satisfied in principle with the amendments introduced by the IASB and evaluates them as an initial useful and essential step in order to enhance the provision of clear and useful accounting policy disclosures of financial statements in the financial sector. We are presenting below our specific answer to each question of the ED consultation paper.

**Answers to specific questions**

Q.1 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.

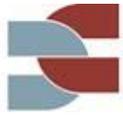
Do you agree with this proposed amendment? If not, what changes do you suggest and why?

The EACB agrees in principle with the proposed amendment, because the concept of materiality is clearly defined in IFRS and therefore it is easier to be applied in comparison with the undefined term of significant accounting policies.

Q.2 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?

The EACB believes that this statement helps to limit the disclosure of accounting policies to only those ones which are really important for the needs of users.



Q.3 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?

The EACB is of the opinion that the proposed examples provide relative accurate descriptions and as a result there is no reason for further changes

Q.4 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 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?

In the first case, the EACB is not fully convinced that the information on timing of revenue in Example S is very relevant for users. Users primarily desire to get a full picture of how effectively an entity uses its resources in order to generate revenue.

On the contrary, EACB welcomes the explanations in Example T since it provides further support to preparers who want to eliminate disclosures, which are only a mere repetition of requirements existed in IFRS.

Q.5 would any wording or terminology introduced in the proposed amendments be difficult to understand or to translate?

EACB members did not express any concerns regarding the understanding and the translation into their native language.

**Contact:**

For further information or questions on this paper, please contact:

- Mr. Volker Heegemann, Head of Department ([volker.heegemann@eacb.coop](mailto:volker.heegemann@eacb.coop))
- Mr. Anastasios Pavlos, Adviser ([Anastasios.Pavlos@eacb.coop](mailto:Anastasios.Pavlos@eacb.coop))