

January 12, 2018

Mr. Hans Hoogervorst
Chairman
International Accounting Standards Board
30 Cannon Street
London EX 4M 6XH
United Kingdom

Sent by email to: commentletters@ifrs.org

Ms. Rebecca Villmann
Director, Accounting Standards
Accounting Standards Board
277 Wellington Street West
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Sent by email to: ed.accounting@cpacanada.ca

Dear Mr. Hoogervorst and Ms. Villmann,

Re: Exposure Draft ED/2017/6 – Definition of Material

I appreciate the opportunity to provide my comments on the Proposed Draft Amendment to IAS1 and IAS 8 in IASB's Exposure Draft ED/2017/6 – Definition of Material. My comments are as follows:

General Comments:

The Board's proposal to align the definition included in the Materiality Practice Statement with that in IAS 1, *Presentation of Financial Statements* and IAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors* will eliminate any confusion or misleading implications that could arise during application and interpretation of these accounting standards in the course of preparing financial statements and related disclosures.

Specific Comments:

Question 1
The Board proposes amendments to IAS 1 and IAS 8 to align the definition of material between IFRS Standards and the Conceptual Framework, and to include in the definition some of the existing requirements in IAS 1. The Board also proposes to clarify the explanation accompanying the definition using existing guidance in IAS 1 and the Conceptual Framework.

- a) Do you agree that the definition of material and the accompanying explanation should be clarified as proposed in this Exposure Draft? If you do not agree, what changes do you suggest and why?
- b) Would any wording or terminology introduced in the proposed amendments be difficult to understand or to translate?

Response 1) Agree. The definition and accompanying discussion is more attributable to IAS 1. However, including the revised definition in IAS 8 will be helpful. Referencing or including the four-step materiality process in the discussion within IAS 1 would draw greater attention from the preparer and provide a charted course of action to be followed.

In addition, the definition should include a reference to prior-period information of significance as the emphasis on current period financial statements could shadow material comparative information.

The inclusion in the updates to IAS 1 materiality definition of the discussion on the minimum presentation required within financial statements and any obscuring effect either by providing immaterial information or bundling together material classes of similar items will improve the effectiveness of the concept. IAS 1.82 provides an indicative list of items required for the statement of profit or loss, however this could be expanded to include the underlying principles of disclosure for operating and non-operating expenses as this information is fragmented across multiple accounting standards.

Question 2

The Board issued the Materiality Practice Statement in September 2017 and expects to issue a revised Conceptual Framework in the second half of 2017. If any changes are made to IFRS Standards as a result of the proposals in this Exposure Draft, the Board will make amendments to these two documents.

The Board believes that the guidance in both the Materiality Practice Statement and the forthcoming revised Conceptual Framework will not be affected by the proposed amendments in this Exposure Draft, other than to update the definition of material (see paragraphs BC22 – BC24).

Do you have any comments on the proposed amendments to the Materiality Practice Statement or to the forthcoming revised Conceptual Framework?

Response 2) Agree with the Board's decision to apply any revisions to the IFRS standards as a result of the revised Conceptual Framework as amendments to those standards. The Board should consider revising the definition of materiality in IAS 1.82 where the impact on presentation of financial statements is deeper and more pervasive. The revisions should extend to include a brief reference to prior period material events and their disclosure impact, as well as expand the discussion in the statement of profit or loss to include principles of expense classification.

Question 3

Do you have any other comments about the proposals in this Exposure Draft?
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Response 3) No other comments in addition to the above.

If you have any questions please do not hesitate to contact me by email at lynessadiaz@gmail.com.

Yours sincerely,

Lynessa Dias, CPA, CGA, CFA, FRM, CAIA