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**Re: Disclosure Initiative (Amendments to IAS 1)**

Dear Sir/Madam,

We are pleased to have the opportunity to provide our comments in order to contribute to the exposure draft, ED/2014/1 Disclosure Initiative (Amendments to IAS 1), issued by the IASB on 25 March 2014 (the 'ED').

Generally, OIC welcomes the Disclosure Initiative project set up by the IASB in 2013 that aims to review the disclosure requirements in existing Standards and to develop principles for disclosures in the notes. However, some considerations should be taken into account by the IASB. In the following, we provide our comments for each question.

Should you need any further information, please do not hesitate to contact us.

Yours sincerely,  
Angelo Casò  
(Chairman)

**Question 1 – Disclosure Initiative amendments:**

The amendments to IAS 1 arising from the Disclosure Initiative aim to make narrow-focus amendments that will clarify some of its presentation and disclosure requirements to ensure entities are able to use judgement when applying that Standard. The amendments respond to concerns that the wording of some of the requirements in IAS 1 may have prevented the use of such judgement.

The proposed amendments relate to:

- (a) materiality and aggregation (see paragraphs 29-31 and BC1-8 of this Exposure Draft);
- (b) statement of financial position and statement of profit or loss and other comprehensive income (see paragraphs 54, 55A, 82, 85A and 85B and BC9-BC15 of this Exposure Draft);
- (c) notes structure (see paragraphs 113-117 and BC16-BC19 of this Exposure Draft); and
- (d) disclosure of accounting policies (see paragraphs 120 and BC20-BC22 of this Exposure Draft).

Do you agree with each of the amendments? Do you have any concerns about, or alternative suggestions for, any of the proposed amendments?

*Materiality*

The OIC believes that the short-term amendments offered help to clarify the requirements relating to disclosure.

In particular, the OIC welcomes the fact that these amendments are pointing in the direction of improving the communication of the information contained in the financial statements (tables and notes), in order to improve the comprehensibility, making it clear that if it is not considered relevant, certain information should not be provided.

Moreover, the OIC agrees that the information which is not relevant to the user should not be provided as it could undermine the clarity of the document as a whole. Therefore information that is not relevant for the sole purpose of ensuring compliance of financial statements with disclosure requirements can significantly affect the comprehensibility of the relevant information.

Furthermore, the OIC believes that specifications on how to determine materiality is needed. The measurement level of materiality has to be defined with respect to time (one or more years), and with reference to space, i.e. a specific balance sheet item, or the financial statements as a whole.

*Information to be presented*

The OIC agrees with the orientation of the proposed changes, i.e. the amendment clarifies that the aggregation of items is possible, and indeed desirable whenever it is relevant for the purposes of improving the comprehensibility of information on the performance and the financial situation of the company.

However, it is considered appropriate that companies, that include entries with subtotals should justify and provide documentation for that choice, to avoid masking any of the

conditions or phenomena that impact on the financial position, the cash flow and the company's performance.

### *Structure of the notes*

The OIC agrees with the proposed amendment by the IASB. However, it believes that the IASB should specify that the structure of the notes should be such that the information is conveyed, more effectively.

However, the OIC believes that the IASB should clarify that the information contained in the notes should be presented in each case in a way that is neutral (and thus, for example, not allowing entities to have the notes in an order that is such as to emphasize certain pieces of information rather than others).

With reference to the point contained in para. BC19 of ED 2014/1 Disclosure initiative, the OIC believes that the IASB should clarify that fact, although the increasingly frequent use of financial statements in electronic form may make it easier to search for and find information, and so facilitate comparability between the financial statements of different entities, the XBRL taxonomy cannot and should not be a substitute for what is regulated by the IASB. In other words, if the taxonomy requires a certain information sequence, it appears necessary that this should have first been determined, and so regulated, by the IASB in order to ensure that the taxonomy applied in the preparation of financial statements is only a reflection of that which is regulated by the IASB within the individual standards. Otherwise, having a flexible standard but a rigid taxonomy could lead to the conclusion that the latter outweighs the standard.

### *Disclosure of accounting policies*

The OIC agrees with the proposed changes. However, the OIC notes that the IASB could consider the fact that, at least in summary form, there could continue to be disclosure also in those cases where no option is left to preparers. This is because there could be cases where users might wish to know the accounting policies adopted in the preparation of the financial statements for a specific reporting period.

### **Question 2 – Presentation of items of other comprehensive income arising from equity-accounted investments**

Do you agree with the IASB's proposal to amend IAS 1 for the presentation of items of other comprehensive income arising from equity-accounted investments amendments (see paragraphs 82A, BC1-BC6 and the Guidance on implementing IAS 1).

If not, why and what alternative do you propose?

The OIC agrees with the proposed changes. However, it believes that, given the re-introduction of the equity method for the measurement of equity investments and joint ventures, the terminology used should be consistent with that contained in IAS 28 and IFRS 10.

**Question 3 – Transition provisions and effective date**

Do you agree with the proposed transition provisions for the amendments to IAS 1 as described in this Exposure Draft (see paragraphs 139N and BC23-BC25)?

If not, why and what alternative do you propose?

The OIC agrees with the IASB proposal.