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By email: commentletters@hkiipa.org.hk and by post

Mr. Simon Riley
Acting Director
Standard Setting Department
Hong Kong Institute of Certified Public Accountants
37th Floor, Wu Chung House
213 Queen's Road East
Wanchai
Hong Kong

Dear Mr. Riley

**Invitation to comment on IASB Exposure Draft of Disclosure Initiative
(Proposed Amendments to IAS 1)**

Thank you for your letter dated 10 April 2014 inviting the Association's comments on the IASB Exposure Draft of Disclosure Initiative (Proposed Amendments to IAS 1). After consulting all members of HKAB, we would like to set out our comments in the enclosed annex.

We hope you would find our comments useful. Should you have any questions, please do not hesitate to contact Mr. Alan Tang of the Secretariat at 2526 6080.

Yours sincerely

Eva Wong
Secretary

Enc.

Chairman Bank of China (Hong Kong) Ltd
Vice Chairmen The Hongkong and Shanghai Banking Corporation Ltd
Standard Chartered Bank (Hong Kong) Ltd
Secretary Eva Wong Mei Seong

主席 中國銀行（香港）有限公司
副主席 香港上海滙豐銀行有限公司
渣打銀行（香港）有限公司
秘書 黃美嫦

Annex: Comments on "IASB Exposure Draft of Disclosure Initiative (Proposed Amendments to IAS 1)"

| HKICPA's Questions | HKAB's comments/counter proposals and supporting reasons |
|---|---|
| <p>Question 1—Disclosure Initiative amendments</p> <p>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.</p> <p>The proposed amendments relate to:</p> <p>(a) materiality and aggregation (see paragraphs 29–31 and BC1–8 of this Exposure Draft);</p> <p>(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);</p> <p>(c) notes structure (see paragraphs 113–117 and BC16–BC19 of this Exposure Draft); and</p> <p>(d) disclosure of accounting policies (see paragraphs 120 and BC20–BC22 of this Exposure Draft).</p> <p>Do you agree with each of the amendments? Do you have any concerns about, or alternative suggestions for, any of the proposed amendments?</p> | <p>We welcome these proposed changes that enable reporting entities to afford more flexibility in applying judgments in preparation of presentation and disclosure of financial statements. However, additional guidance or clarifications are needed on the following Paragraphs:</p> <p>(a) The current proposed change to Paragraph 31 still keeps the original "need not" language. IASB should consider whether the revision of Paragraph 31 of IAS1 is also required to align with the proposed change to Paragraph 30A to make it compulsory not to disclose immaterial information.</p> <p>(b) Paragraphs 54 and 82 stated that "These line items shall be disaggregated when such presentation..." Please clarify and consider whether it should be rewritten as "These line items shall be <u>aggregated</u> or <u>disaggregated</u> when such presentation ..." to align with rationale of paragraph 31, so that the listed items could be aggregated if they are immaterial individually.</p> |

| HKICPA's Questions | HKAB's comments/counter proposals and supporting reasons |
|---|---|
| <p>Question 2—Presentation of items of other comprehensive income arising from equity-accounted investments</p> <p>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)?</p> | <p>We agree with the proposed amendments. However, we recommend that the use of the term “associates and joint ventures” be clarified or changed to “investee” to align with the pending revisions to IAS 28 Investments in Associates and Joint Ventures which is to allow use of the equity method of accounting to measure investments in subsidiaries in separate financial statements.</p> |
| <p>Question 3—Transition provisions and effective date</p> <p>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)?</p> <p>If not, why and what alternative do you propose?</p> | <p>We agree with the proposed transition provisions. Meanwhile, it is expected that the currently proposed amendments will be more effective when other Disclosure Initiative projects undertaken by IASB, such as materiality project, are finalised.</p> |