FRC/Adm/133

21 July 2014

The Director
International Accounting Standards Board
30 Cannon Street
EC4M 6XH
London
UNITED KINGDOM

Dear Sir

Exposure Draft: Disclosure Initiatives (Proposed amendments to IAS 1)

The Financial Reporting Council (Mauritus) has one of its main functions to promote the provision of high quality financial and non-financial reporting and quality audit.

The FRC has initiated procedures to obtain comments with respect to the Exposure Draft on Disclosure Initiatives (Proposed amendments to IAS 1) at a national level. The comments and responses to the specific questions are included in the following pages.

For any further clarifications, please contact us at frc.mauritius@intnet.mu.

Yours faithfully

S. Naiken
Chief Executive Officer
Disclosure Initiative
Proposed amendments to IAS 1

Question 1

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

a) Materiality and aggregation
   - FRC agrees to the proposed changes in paragraph 29 to 30 of the Exposure Draft.
   - FRC does not fully agree with paragraph 31, which states that ‘an entity need not provide a specific disclosure required by an IFRS in the financial statements, including in the notes, if the information resulting from that disclosure is not material’. An entity must consider both the qualitative nature of information and the quantitative threshold to determine materiality. For example, in the case of Share-based Payment - IFRS 2, the information required to be disclosed is important to investors. In qualitative terms, such share-based payment could be immaterial, but its disclosure is important.

b) Statement of financial position and statement of profit or loss and other
   - FRC agrees to proposed changes set out in paragraph 54, 55A, 82, 85A and 85B of the Exposure Draft.

c) Notes structure
   - FRC agrees to the proposed changes made of paragraph 113 to 117 of the Exposure Draft.
   - FRC fully agrees with the re-wording of paragraph 115 which requires that ‘an entity shall cross-reference each item presented in the statement of financial position and in the statement(s) of profit or loss and other comprehensive income, and in the statements of changes in equity and of cash flows, to any related information in the notes’. The use of 'each' reduce the risk of flexibility in cross-referencing and brings visibility to users of Financial Statements.
   - Paragraph 114 gives an indication of the order in which notes on accounting policies may be presented in financial statements, ie, in a separate section, whilst paragraph 116 gives the option of disclosing accounting policies as part of other notes. As a consequence, in one financial statement, certain accounting policies would be presented in a separate section whilst others would be included in the notes. This could create more confusion for some users of financial statements specially those who are non-accountants. More guidance need to be provided with respect to paragraph 116. However, a suggestion could be to include all accounting policies in a separate section and where applicable, make reference to the relevant notes to the accounts regarding where the accounting policies have been disclosed.
d) Disclosure of accounting policies

- FRC proposes that paragraph 120 of IAS 1 should not be deleted. This is because in the Mauritian context, the offshore sector known as the global business sector represents an important sector of the Economy. As such Mauritius has double tax treaties/agreements with 38 countries. It is thus important to disclose accounting policies for income taxes, for these Global Business Companies.

Question 2

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?

FRC agrees to the amendments to paragraph 82A and the Guidance on implementing IAS 1, which respond to the confusion which requires OCI items from equity-accounted investments to be disclosed separately into whether they will not be reclassified to profit or loss or may be reclassified subsequently to profit or loss without further split to their nature.

Question 3

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 proposal arising from this ED will not lead to any changes of accounting policy similar with the Amendment to IAS 1 Presentation of OCI, given that it will not result to any impact to profit or loss, OCI and total comprehensive income figures. FRC therefore agrees with the proposed transition provisions delineated in paragraph 139N whereby the amendments should be applied from the effective date without additional transition provisions.