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Attn. EFRAG Technical Expert Group
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Our ref: RJ-EFRAG 596 B
Direct dial: Tel.: (+31) 20 301 039
Date: Amsterdam, 13 November 2019
Re: Comment on Draft comment letter on ED/2019/6 Disclosure of Accounting policies

Dear members of the EFRAG Technical Expert Group,

The Dutch Accounting Standards Board (DASB) appreciates the opportunity to respond to your draft comment letter on the IASB's Exposure Draft 'Disclosures of accounting policies'.

In general, we support EFRAG's proposed responses to the questions in the Exposure Draft, with due regard to our comments as described in our comment letter to the IASB (attached).

In addition, we recommend that EFRAG elaborates on the role of technology mentioned in paragraphs 36 and 37, by addressing how the proposed amendment could change if the impact of technology was taken into consideration.

Yours sincerely,

prof. dr. Peter Sampers
Chairman Dutch Accounting Standards Board

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Our ref: RJ-IASB 490 B
Direct dial: Tel.: (+31) 20 301 039
Date: Amsterdam, 13 November 2019
Re: Comments on ED/2019/6 Disclosure of Accounting Policies

Dear members of the International Accounting Standards Board,

The Dutch Accounting Standards Board (DASB) appreciates the opportunity to respond to Exposure Draft ED/2019/6 'Disclosure of Accounting Policies'.

We agree with the comments and suggestions made by EFRAG in its draft comments letter[1], with due regard to our comments below and in the appendix.

We support the proposed amendments to IAS 1 to clarify the application of materiality to the disclosure of accounting policies. In our view an important safeguard against unnecessary disclosure would be a clear understanding of the assumed knowledge of users of financial statements with respect to the Standards. It would be helpful when the IASB could address that in the standards or in related due process documents. Furthermore, the DASB proposes that, in relation to this project, summaries of IFRS Standards are made publicly available for users (like the 'high-level and non-technical summaries for the Standards'[2] as published on the IFRS-website or 'A Briefing for Chief Executives, Audit Committees & Boards of Directors' which were published in the past).

The proposed amendments provide that immaterial accounting policies 'need not be disclosed', but do not prevent entities from doing so. We recommend that the IASB strengthens the wording of paragraph 117A of the Exposure Draft to explicitly discourage entities from disclosing immaterial information, irrespective of whether the accounting policy relates to line items in the financial statements which could be material in size.

In addition, for consistency, we believe that requirements currently included in other IFRS Standards to disclose accounting policies should also be removed or revisited to incorporate the same principles of these amendments when the IASB implements its proposed amendments.

1
https://www.efrag.org/Assets/Download?assetUrl=/sites/webpublishing/Project%20Documents/1812171013097345/EFRAG%20Draft%20Comment%20letter%20-%20Disclosure%20of%20Accounting%20Policies%20%28Proposed%20amendments%20to%20IAS%201%20and%20IFRS%20Practice%20Statement%202%29.pdf

2 https://www.ifrs.org/issued-standards/list-of-standards/

We also refer to our answers to your questions in the appendix.

Yours sincerely,

prof. dr. Peter Sampers
Chairman Dutch Accounting Standards Board

Appendix

Question 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?

We agree with EFRAG's response in its draft comments letter.

Question 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?

We agree with EFRAG's response in its draft comments letter, with due regard to our comments below.

We believe that the wording that immaterial accounting policies 'need not be disclosed' should be strengthened to explicitly discourage such disclosures. In addition, in practice, we observe that entities sometimes disclose accounting policies for transactions, other events or conditions that are not applicable at all to the specific entity. Because this might obscure relevant information and could potentially be misleading, we propose that the IASB highlights this as an example of inappropriate disclosure.

Current IAS 1.119 (proposed to be deleted) explicitly links 'transactions, other events and conditions' to both financial performance and financial position. We recommend to maintain this reference in IAS 1.117A.

Current IAS 1.121 (proposed to be deleted) explicitly considers prior periods, whereas the new proposed text is silent on whether an entity considers prior periods when determining if an accounting policy is material. As accounting policies for transactions, other events and conditions that occurred only in prior periods may still be material for the financial statements, we recommend to add this reference in the proposed new requirements.

Question 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?

We agree with EFRAG's response in its draft comments letter.

Question 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?

We believe that Example S describes a case that does not seem overly judgmental. Nevertheless, in the 'Application' part, the example concludes that the entity has made significant judgments and had to consider how the requirements of the Standard apply to its own circumstances. In our view, the 'Background' part of the example does not address significant judgments or specific circumstances. If the examples are maintained, we propose to add more obvious illustrations of significant judgments and consideration of specific circumstances.

Question 5 *Would any wording or terminology introduced in the proposed amendments be difficult to understand or to translate?*

We agree with EFRAG's response in its draft comments letter.

Question 6 *Do you have any other comments about the proposals in this Exposure Draft?*

We note that the proposed wording in IFRS 7.21 (‘material accounting policy information includes the measurement basis (or bases) used in preparing the financial statements that are relevant to an understanding of the financial statements’) resembles the wording currently in IAS 1.17 (under a and b) that is proposed to be deleted. We believe that the IASB should be consistent in terms of accounting policy disclosure requirements across IAS 1 and other IFRS Standards. We believe that requirements currently included in other IFRS Standards to disclose accounting policies should be removed of revisited to incorporate the same principles of these amendments when the IASB decides to implement its proposed amendments.