

November 12, 2019

IFRS Foundation  
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Canary Wharf  
London E14 4HD  
United Kingdom

**Dear Colleagues,**

The Saudi Organization for Certified Public Accountants (SOCPA) appreciates the continued efforts of the International Accounting Standards Board and welcomes the opportunity to comment on the Exposure Draft ED/2019/6, *Disclosure of Accounting Policies*.

Attached are our comments on the questions regarding the ED.

Please feel free to contact SOCPA for any clarification or further information.

Sincerely,



**Dr. Ahmad Almeghames**

**Secretary General**

الموافق



## **SOCPA Response to the Exposure Draft ED/2019/6, *Disclosure of Accounting Policies, Proposed amendments to IAS 1 and IFRS Practice Statement 2*"**

### **Overall response to all questions:**

We agree with the board's view that not all accounting policies should be disclosed, especially if they are just a duplication of the IFRS requirements or related to immaterial transactions, other events or conditions.

However, we note that the driver of the proposed amendments is the focus on materiality of information provided by the disclosure of the policy. Given this understanding and the fact that the words "material" and "significant" are interchangeable in many languages, we suggest some changes to the wording of the proposed amendments to shift the focus from 'materiality', or 'significance', of the policy to the materiality of information about the policy. Our suggestions are as follows (New text is underlined and deleted text is struck through):

**117 An entity shall disclose its material accounting policies if information about an accounting policy is material. Information about an accounting policy is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that primary users of general purpose financial statements make on the basis of those financial statements.**

117A Accounting policies that relate to immaterial transactions, other events or conditions ~~are themselves immaterial~~ and need not be disclosed. Furthermore, not all accounting policies relating to material transactions, other events or conditions ~~are themselves material~~ need to be disclosed.

117B ~~An accounting policy is material if~~ Information about ~~that~~ an accounting policy is needed if it is necessary to understand other material information in the financial statements. For example, an entity is likely to consider information about an accounting policy to be material to its financial statements if that accounting policy relates to material transactions, other events or conditions and:

...

117D If an entity concludes that information about an accounting policy is not material, the entity shall nevertheless disclose other information required by IFRS Standards if that information is material.

**122 An entity shall disclose, along with its material accounting policies or other notes, the judgements, apart from those involving estimations (see paragraph 125), that management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.**

### **Response specific to question 5:**

As we mentioned in the introduction to our overall response, the words "material" and "significant", when translated, are interchangeable in many languages. Therefore, shifting the focus from 'materiality', or 'significance', of the policy itself to the materiality of information about the policy would accomplish the Board objective and would be communicated properly among different languages.