



Association pour la participation des
entreprises françaises à l'harmonisation
comptable internationale



IASB
30 Cannon Street
London EC4M 6XH
UK

Paris, 26 June 2014

Dear Mr Hoogervorst,

Re: Disclosure Initiative (Amendments to IAS 1)

We are pleased to respond to the exposure draft EDP/2014/1 "Disclosure Initiative (Amendments to IAS 1)" (the ED).

We believe that notes to the financial statements are today too voluminous and complex and that as a consequence they no longer allow for the provision of relevant information about the company financial statements in a manageable format.

We are therefore very supportive of the idea that the IASB should undertake a major project on streamlining the notes and we welcome this ED as the first step.

Although IAS 1 today appears to leave a relatively important role for judgment in order to present relevant financial statements in line with each entity's specific characteristics, it is true that this latitude is often reduced by a very literal reading of IAS 1, as well as the requirements of other standards which appear to be too prescriptive. We therefore agree with the IASB that there is a need today for clarification about the way that IAS 1 and requirements in others standards should be interpreted.

Materiality and judgment have a key role to play in building relevant notes and it is important that this be clarified in the way proposed by the IASB. We also agree with the direction taken by the standard setter, which is to focus on the concept of materiality without attempting to define or circumscribe it. In fact, Materiality should be assessed in the context of the specific circumstances and therefore should not be standardized, but rather only explained and defined on the basis of principles.

As a final remark on the subject of materiality, we think that it would be helpful if the first paragraph of the section of IAS 1 dealing with materiality and aggregation were to contain a reminder of the importance of materiality (as stated in paragraph QC11 of the Conceptual Framework) and statement of the general principle that requirements of IAS 1 in terms of the application of the notion of

materiality should prevail over the requirements of other individual standards. Some of this wording could be promoted from the proposed paragraph 31, in particular.

We also agree with the proposal of the IASB to clarify the possibility of using additional subtotals that can make information more relevant, understandable and above all to strengthen the links between the IFRS primary financial statements and financial communication.

However, we think that it is unclear as to what is required by paragraph 85B. We suppose that it means that there should be no gaps in the profit or loss statement, i.e. that the profit or loss statement is complete, so that, for example, when a sub-total is presented the line-items presented immediately above, it should add up to the amount in the sub-total, and sub-totals should add up to totals. If this is what is required, the paragraph needs to be redrafted to make it clear what is required.

Furthermore, we are unsure why it is necessary to include the requirements of paragraphs 55A and 85A(a) in the text. We understand that all items presented in the statement of financial position and profit or loss statement under IAS 1 must be “made up of items recognised and measured in accordance with IFRS”. To state this specifically in respect of sub-totals could lead users to think that this does not apply in any other parts of the financial statements.

Having said that, we believe that the other proposed criteria to be met in 55A and 85A are relevant and justified and that they correspond to what is done in practice.

We are also in agreement with the IASB’s proposals concerning the presentation of items of OCI arising from equity-accounted investments.

If you have any questions or need for further information, please do not hesitate to contact us.

Yours sincerely,

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Patrice MARTEAU
Chairman



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Director of economic
and financial affairs

