

Amendments to HKAS 1 - Disclosure Initiative

Introduction

The Amendments clarify the guidance in HKAS 1 “Presentation of Financial Statements” on materiality and aggregation, the presentation of subtotals, the structure of notes, the presentation of other comprehensive income and the disclosure of accounting policies.

Effective Date

An entity shall apply the Amendments retrospectively for annual periods beginning on or after 1 January 2016. Earlier application is permitted. If an entity applies the Amendments earlier, it shall disclose that fact.

Summary of Amendments

Materiality and aggregation

An entity shall not reduce the understandability of its financial statements by obscuring material information with immaterial information or by aggregating material items that have different natures or functions.

An entity need not provide a specific disclosure required by an HKFRS if the information resulting from that disclosure is not material, even if the HKFRS contains a list of specific requirements or describes them as minimum requirements. On the other hand, an entity shall consider whether to provide additional disclosures when compliance with the specific requirements in an HKFRS is insufficient to enable users of financial statements to understand the impact of particular transactions, other events and conditions on the entity’s financial position and financial performance.

Subtotals

An entity shall present additional line items, headings and subtotals in the statement of financial position when such presentation is relevant to an understanding of the entity’s financial position. An entity shall also present additional line items, headings and subtotals in the statement of profit or loss and other comprehensive income when such presentation is relevant to an understanding of the entity’s financial performance.

When an entity presents additional subtotals, these subtotals shall:

- (a) be comprised of line items made up of amounts recognised and measured in accordance with HKFRSs;
- (b) be presented and labelled in a manner that makes the line items that constitute the subtotal clear and understandable;
- (c) be consistent from period to period; and
- (d) not be displayed with more prominence than the subtotals and totals required in HKAS 1.

An entity shall present the line items in the statement of profit or loss and other comprehensive income that reconcile any additional subtotals with the subtotals or totals required in HKAS 1.

Notes

An entity shall present notes in a systematic manner. In determining a systematic manner, the entity shall consider the effect on the understandability and comparability of its financial statements. Examples of systematic ordering or grouping of the notes include:

- (a) giving prominence to the areas of its activities that the entity considers to be most relevant to an understanding of its financial performance and financial position, such as grouping together information about particular operating activities;
- (b) grouping together information about items measured similarly such as assets measured at fair value; or
- (c) following the order of the line items in the statement of profit or loss and other comprehensive income and the statement of financial position.

Other comprehensive income

The other comprehensive income section shall present line items for the amounts of the share of other comprehensive income of associates and joint ventures accounted for using the equity method, separated into the share of items that:

- (a) will not be reclassified subsequently to profit or loss; and
- (b) will be reclassified subsequently to profit or loss when specific conditions are met.

Accounting policies

In deciding whether a particular accounting policy should be disclosed, management considers whether disclosure would assist users in understanding how transactions, other events and conditions are reflected in reported financial performance and financial position. Each entity considers the nature of its operations and the policies that the users of its financial statements would expect to be disclosed for that type of entity.



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