

## NEWSLETTER



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IFRS Nightcap Webcast Series

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Disclosure of Accounting Policies

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# IN TOUCH

**DEAR VALUED CLIENTS AND OTHER PROFESSIONALS,**

We would like to introduce you to our second “IFRS Nightcap” webcast.

We continue our IFRS Nightcap series with our second webcast, which is about the Amendments to IAS 1 on “Disclosure of Accounting Policies”. These Amendments will become mandatorily effective this year, i.e. for financial years ending on or after 31 December 2023.

As you are aware, the annual financial statements of listed companies in Hong Kong typically include about 20 to 30 pages of information concerning “significant accounting policies”. Most of the information disclosed in these pages are just boilerplate disclosures which are duplicates or summaries of the accounting requirements of IFRS Standards.

Starting from this year, i.e. financial year ending on or after 31 December 2023, the Amendments to IAS 1 on “Disclosure of Accounting Policies” will result in the disclosure notes of accounting policies included in the annual financial statements of companies being reduced to much lesser than the typical 20 to 30 pages.

The Amendments set out requirements, and provide guidance, to help entities make more effective accounting policy disclosures. Under the Amendments, entities are required to disclose material accounting policy information. In this regard, it should be borne in mind that accounting policy information is expected to be material if its disclosure were needed for primary users to understand information provided about material transactions, other events or conditions in the financial statements.

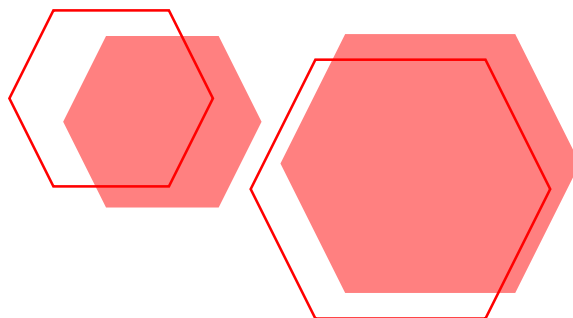


What we find most noteworthy in the Amendments is the explanation that entity-specific accounting policy information is more useful to users of financial statements than accounting policy information that is standardised, or that duplicates or summarises the requirements of IFRS Standards. The entity should focus on disclosing accounting policy information that users have identified as the most useful.

We also believe the Amendments will improve the relevance of the disclosures of accounting policies in the financial statements of listed companies by helping them to remove from their disclosure note those immaterial accounting policy information that may obscure material accounting policy information. The Amendments not only give more guidance about what would be considered as “material accounting policy information” but also set out examples of “material accounting policy information”.

In this IFRS Nightcap webcast, we will walk through with you live examples as to how the lengthy accounting policies currently disclosed in the financial statements of most listed companies can be chopped dramatically. Since the Amendments are effective for FY2023, we urge companies, and their auditors, to view this IFRS Nightcap webcast now and then look at their existing disclosures of their accounting policies seriously and determine which paragraphs in their disclosure notes are actually “material accounting policy information” that should be disclosed in the FY2023 financial statements. All other paragraphs in their accounting policy disclosure notes should be “chopped off” from their financial statements for FY2023 and beyond. So, please click this webcast in our You Tube channel to get a basic understanding about what types of contracts that non-insurance companies enter into that will fall under the scope of IFRS 17 by clicking the link below:

<https://youtu.be/BU3SDX0z6Qs>



We hope that through our IFRS Nightcap webcasts you will acquire good IFRS knowledge and application skills. Also, please share the You Tube links with other audit professionals in your firm.

In addition, please click the link below to enter the page in our website ([www.foremosthk.com](http://www.foremosthk.com)) where you can find other IFRS newsletters :

<https://foremosthk.com/latest-news/>

Yours sincerely

William Lim  
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