

January 8, 2018

IFRS Foundation  
International Accounting Standards Board  
30 Cannon Street  
London EC4M 6XH  
UK

By email: [commentletters@ifrs.org](mailto:commentletters@ifrs.org)

**Re: Exposure Draft: Definition of Material (Proposed amendments to IAS 1 and IAS 8)**

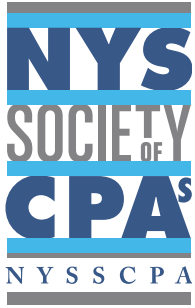
The New York State Society of Certified Public Accountants (NYSSCPA), representing more than 26,000 CPAs in public practice, industry, government and education, welcomes the opportunity to comment on the above-captioned exposure draft.

The NYSSCPA's International Accounting & Auditing Committee deliberated the exposure draft and prepared the attached comments. If you would like additional discussion with us, please contact Craig T. Goodman, Chair of the International Accounting & Auditing Committee, at (212) 324-7048, or Ernest J. Markezin, NYSSCPA staff, at (212) 719-8303.

Sincerely,

Harold L. Deiters III  
President

Attachment



**NEW YORK STATE SOCIETY OF  
CERTIFIED PUBLIC ACCOUNTANTS**

**COMMENTS ON**

**EXPOSURE DRAFT: DEFINITION OF MATERIAL (PROPOSED AMENDMENTS TO  
IAS 1 AND IAS 8)**

**January 8, 2018**

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## New York State Society of Certified Public Accountants

### Comments on

### Exposure Draft: Definition of Material (Proposed amendments to IAS 1 and IAS 8)

The New York State Society of Certified Public Accountants (NYSSCPA) appreciates the opportunity to provide comments on the International Accounting Standards Board's (IASB or the Board) exposure draft Definition of Material (Proposed amendments to IAS 1 and IAS 8) (Exposure Draft). We have provided our comments and responses to the specific Questions for Respondents asked in the exposure draft as follows.

#### Questions for Respondents

**Question 1:** The Board proposes amendments to IAS 1 and IAS 8 to align the definition of material between IFRS Standards and the *Conceptual Framework*, and to include in the definition some of the existing requirements in IAS 1. The Board also proposes to clarify the explanation accompanying the definition using existing guidance in IAS 1 and the *Conceptual Framework*.

- (a) Do you agree that the definition of material and the accompanying explanation should be clarified as proposed in this Exposure Draft? If you do not agree, what changes do you suggest and why?
- (b) Would any wording or terminology introduced in the proposed amendments be difficult to understand or to translate?

**Response:** Overall, we agree that the definition of material and the accompanying explanation should be clarified as proposed in this Exposure Draft.

We believe that the phrase “reasonably be expected to” has a broad interpretative scope, particularly across borders, languages and cultures. Such variability in interpretations of the phrase might result in inconsistency in how the definition of “material” is understood and applied in practice and will ultimately affect the comparability of financial statements. Accordingly, we suggest that the Board establish guidance to further define the meaning of the word “reasonable” as used in this context in order to limit unintended misunderstanding and divergence in practice. For example, we ask that the Board consider whether the concept of “reasonable and informed third party test”<sup>1</sup> that is used and described in the International Ethics Standards Board for Accountants (IESBA)

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<sup>1</sup> The “reasonable and informed third party test” is a consideration by the professional accountant about whether the same conclusions would likely be reached by another party. Such consideration is made from the perspective of a reasonable and informed third party, who weighs all the relevant facts and circumstances that the accountant knows, or could reasonably be expected to know, at the time the conclusions are made. The reasonable and informed third party does not need to be an accountant, but would possess the relevant knowledge and experience to understand and evaluate the appropriateness of the accountant’s conclusions in an impartial manner” (see paragraph 120.5 A4).

recently approved restructured Code might be relevant in determining whether information is material.

**Question 2:** The Board issued the Materiality Practice Statement in September 2017 and expects to issue a revised *Conceptual Framework* in the second half of 2017. If any changes are made to IFRS Standards as a result of the proposals in this Exposure Draft, the Board will make amendments to these two documents. The Board believes that the guidance in both the Materiality Practice Statement and the forthcoming revised *Conceptual Framework* will not be affected by the proposed amendments in this Exposure Draft, other than to update the definition of material (see paragraphs BC22–BC24).

Do you have any comments on the proposed amendments to the Materiality Practice Statement or to the forthcoming revised *Conceptual Framework*?

**Response:** We do not have any comments other than those expressed in our response to Question 1(b) above.

**Question 3:** Do you have any other comments about the proposals in this Exposure Draft?

**Response:** We do not have any other comments.