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Definition of Material (Amendments to IAS 1 and IAS 8)

Cover note and summary of responses

Objective

- 1 The objectives of this session are to:
 - (a) consider the comments received in response to EFRAG's Invitation to Comment on its Draft Endorsement Advice on *Definition of Material (Amendments to IAS 1 and IAS 8)* ('the Amendments'); and
 - (b) agree to recommend to the EFRAG Board a Final Endorsement Advice.

Background

- 2 The Amendments, issued on 31 October 2018 aim at clarifying the definition of material by including guidance that until now has featured elsewhere in IFRS Standards; align the definition used in the *Conceptual Framework for Financial Reporting* with that in the IFRS Standards themselves; and improve the explanations accompanying the definition.
- 3 The Amendments become effective for annual periods beginning on or after 1 January 2020, with earlier application permitted.
- 4 The European Commission issued a letter requesting advice on the endorsement of the Amendments on 12 November. The letter did not identify specific matters to be assessed.
- 5 EFRAG issued its Draft Endorsement Advice on 11 December 2018, which was open for consultation until 1 February 2019. In the letter, EFRAG's preliminary assessment was that the Amendments satisfied the criteria for endorsement for use in the EU and therefore EFRAG recommended their endorsement.

Summary of responses received

- 6 EFRAG received seven comment letters from respondents representing national standard-setters (three), preparers (three) and one accounting organisation (see list of respondents and links to the comment letters in Appendix 1).
- 7 All respondents agreed with EFRAG's initial assessment with no further comments.
- 8 Therefore, EFRAG Secretariat suggests no changes to the assessment in EFRAG's Final Endorsement Advice, except for the addition, in the first page of the cover letter to the European Commission, of a standard paragraph describing the endorsement advice consultation process (see mark-up).

Definition of Material (Amendments to IAS 1 and IAS 8)
Cover note

Question to EFRAG TEG

- 9 Does EFRAG TEG agree to recommend the final endorsement advice contained in agenda paper 8-2, to the EFRAG Board?

Agenda papers

- 10 In addition to this cover note, agenda paper 08-02 *Final Endorsement Advice on Definition of Material (Amendments to IAS 1 and IAS 8)* has been provided for the session.

Appendix: List of respondents

- 1 The comment letters were received from the following organisations (links to the letters are provided with the respondents' names):

Respondent	Type	Country
Comissão de Normalização Contabilística	National Standard Setter	Portugal
Siemens AG	Preparer	Germany
SAP SE	Preparer	Germany
Daimler AG	Preparer	Germany
Organismo Italiano Contabilità	National Standard Setter	Italy
ICAEW	Accounting organisation	UK
Instituto de Contabilidad y Auditoría de Cuentas	National Standard Setter	Spain