

Hans Hoogervorst Esq  
Chairman  
International Accounting Standards Board  
IFRS Foundation  
30 Cannon Street  
London  
EC4M 6XH

1 December 2017

Dear Hans

**Exposure Draft ED/2017/6 Definition of Material - Proposed amendments to IAS 1 and IAS 8**

We welcome the opportunity to comment on the proposed amendments to IAS 1 and IAS 8 in relation to the Definition of Material.

We are supportive of the Board's aim to align the definition of "material" in the Conceptual Framework for Financial Reporting and that within IFRS Standards. Furthermore, we are [generally] supportive of the Board's proposed refined definition of material, which in our view clarifies that the application of the definition requires preparers to apply judgement and clarifies the nature of the judgement made.

We do not agree with the proposed inclusion of paragraph 6 to IAS 8 as currently drafted. As noted in the ED clear communication within financial statements is integral to ensuring that information is not obscured. In our view, this related to the principles of fair presentation or communication and should be addressed in the supporting guidance to these definitions, or as part of the Principles of Disclosure project, and not here.

Furthermore, as currently drafted, the proposed wording implies that preparers are intentionally 'obscuring' material information with immaterial information. In our experience, this is not the case. Preparers are increasingly focused on ensuring financial statements are clear and concise with minimal immaterial information. As previously expressed to members of the Board, we would encourage the IASB to review the disclosure requirements of those standards where it considers excessive immaterial information is included within financial statements as, in our view, this is the underlying issue.

Additionally, we note that the IASB's definition of material requires consideration of the 'primary users' of its general purpose financial statements, which includes a number of external stakeholders. This definition is not aligned to the FRC's definition of materiality which references shareholders only (as required by UK law). Whilst we understand the Board's intention in considering wider stakeholders consideration should be given to local requirements which may be misaligned to the Board's proposal.

**Who we are**

The 100 Group of Finance Directors represents the views of the finance directors of FTSE 100 and several large UK private companies. Our member companies represent almost 90% of the market capitalisation of the UK FTSE 100 Index. Our aim is to contribute positively to the development of UK and international policy and practice on matters that affect our businesses, including taxation, financial reporting, corporate governance and capital market regulation. Whilst this letter expresses the views of The 100 Group of Finance Directors as a whole, those views are not necessarily those of our individual members or their respective employers

Please feel free to contact us through the 100 Group's website, [www.the100group.co.uk](http://www.the100group.co.uk), should you wish to discuss our comments.

Yours sincerely,

A handwritten signature in blue ink, appearing to read "R. Houlden". The signature is fluid and cursive, with the first name "Russ" and last name "Houlden" clearly distinguishable.

**Russ Houlden**  
*Chairman*  
*Financial Reporting Committee*