

## Highlight summary no. Practice Statements.01

August 2019

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### Expanding the Guidance Collection

The CPA Canada Standards and Guidance Collection is being expanded to include some Practice Statements that the Accounting Standards Board thinks provide complimentary guidance for an entity when preparing financial statements in accordance with an authoritative accounting framework.

### IFRS® Practice Statement 2: Making Materiality Judgements

This new Practice Statement, issued by the International Accounting Standards Board in September 2017 and amended in 2018:

- provides an overview of the general characteristics of materiality;
- presents a four-step process an entity may follow in making materiality judgements when preparing its financial statements (materiality process); and
- provides guidance on how to make materiality judgements in specific circumstances; namely, how to make materiality judgements about prior-period information, errors and covenants and in the context of interim reporting.

Whether information is material is a matter of judgement and depends on the facts involved and the circumstances of a specific entity. This Practice Statement illustrates the types of factors that the entity should consider when judging whether information is material.

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