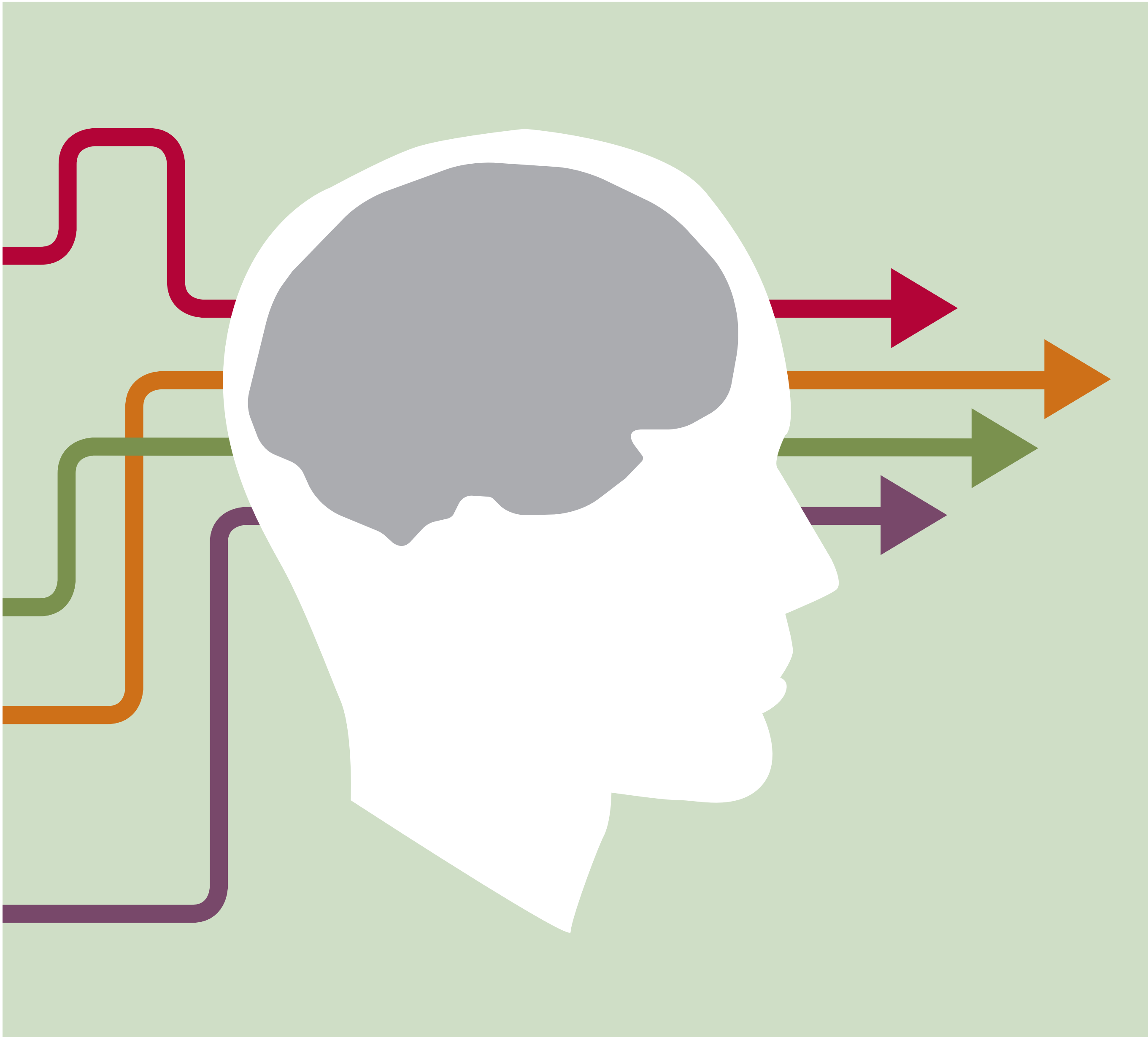
October 2017

IFRS® Foundation
Disclosure Initiative—Case Studies

Better Communication in Financial Reporting

Making disclosures more meaningful



IFRS®

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Foreword

HANS HOOGERVORST
CHAIR
INTERNATIONAL ACCOUNTING STANDARDS BOARD

Financial statements are intended to provide investors with information that is useful for making investment decisions.

The International Accounting Standards Board (Board) recognises, however, that companies can find it challenging to provide that information.

Our work has identified three concerns about information in financial statements—not enough relevant information, too much irrelevant information and information communicated ineffectively.

Although these three concerns are interrelated, I would like to focus on the third one—the need to communicate information effectively.

Effective communication

Why is the Board focusing on effective communication?

Ineffective communication of financial information can lead to investors overlooking relevant information or failing to identify relationships between pieces of information in different parts of a company's financial statements. This can lead to investors making poor investment decisions. Ineffective communication also makes financial statements less understandable which can increase uncertainty around what investors perceive are the company's prospects, leading to a higher cost of capital for companies.

Conversely, effective communication of information in financial statements can contribute to better investment decisions and a lower cost of capital for companies.

The Board wants to contribute to making communication of information in companies' financial statements more effective. Hence, the theme of 'Better Communication in Financial Reporting' will motivate much of our work for the next few years. This report is part of that work.

Case studies

By describing a few companies' journeys towards improving the way they communicate information in their financial statements, this report shows that communicating information more effectively is feasible when applying IFRS Standards. The companies' experiences demonstrate that relatively small changes can significantly enhance the usefulness of their financial statements.

The companies featured in this report tell us their external and internal stakeholders value the changes introduced because their financial statements have become easier to read and understand.

The financial statements are easier to read and understand because the companies identified what information is relevant to their investors, prioritised it appropriately and presented it in a clear and simple manner. In some cases, this resulted in companies including additional information that is useful for investors and, in other cases, removing information that is immaterial.

Inspiration

This report seeks to inspire other companies to improve communication in their own financial statements. Most companies featured in this report found it at first challenging to start making improvements. However, once they completed their first tentative steps, these companies found making improvements much easier.

For many of these companies, the following factors were key to making the improvements in communication possible:

- senior management supported the changes in communication;
- companies engaged with their investors to identify and understand their information needs;
- departments across the companies participated in the process; and
- the companies' auditors, regulators and national standard-setters supported the process and were willing to discuss the proposed changes.

Companies featured in this report have taken different approaches to making changes in the way they communicate in their financial statements. Some companies made dramatic changes during a single reporting period. Other companies have been improving the way they communicate information for a few years. What is important though is that all of these companies have committed to making continuous improvements within the context of existing IFRS Standards.

Differences across jurisdictions

While developing this report, we noted that companies' efforts towards improving communication of information in their financial statements vary across jurisdictions.

The decision to prioritise effective communication may reflect the views of regulators and auditors in particular jurisdictions—if these stakeholders see the financial statements as communication tools rather than mere compliance documents, companies are more likely to seek to make improvements to their financial statements.

In contrast, companies in some jurisdictions are in the early stages of implementing IFRS Standards. These companies may be focusing more on fulfilling disclosure requirements than on how they can communicate information more effectively in their financial statements.

We hope the stories that follow show that the journey towards communicating more effectively does not always have to be arduous. Finally, we would like to thank the companies included in this report for sharing their stories with us.

Hans Hoogervorst
Chair
International Accounting Standards Board

Methodology

Using real-life examples, this report illustrates how various companies have improved communication of information in their financial statements. These case studies demonstrate that it is possible to communicate information in accordance with IFRS Standards in a more effective way.

We asked national standard-setters to help us identify companies in their jurisdictions that had made significant improvements in the way they communicate information in their financial statements. Some of the companies in this report were selected from those suggestions and others were selected by consulting other sources, such as specialised publications dealing with disclosure effectiveness. To ensure that the report showed a range of examples, we selected companies from various industries and different parts of the world.

By interviewing senior managers in these companies, we were able to identify the processes they followed to enable them to change how they communicated information in their IFRS financial statements. For each case study, we selected excerpts from the companies' financial statements that would best illustrate those changes. In addition, the changes described in each of the case studies are linked to the relevant principles of effective communication suggested in the Board's Discussion Paper *Disclosure Initiative—Principles of Disclosure* (the Discussion Paper).

The following table identifies the principles of effective communication with a specific orange tag. The orange tags are used throughout this report to link the changes in communication with the related principle(s) of effective communication.

During our interviews, senior managers described some of the challenges they faced in changing how they communicated information in their financial statements. They also spoke about ways the process had benefited their organisations and they explained their successes and some of the lessons they had learnt. We also discussed how external parties, such as shareholders or auditors, had received the changes after the companies published their first redesigned financial statements. Finally, senior managers laid out some of the possible ways they might make further changes.

The descriptions and excerpts in this report are only intended to provide a flavour of the changes carried out by each of the surveyed companies. Due to limitations of space, the excerpted notes to the financial statements used to illustrate the changes, in many cases, are not reproduced in their entirety.

To illustrate the changes carried out, the report contrasts the way companies provided information before they started to change the way they communicated information in their financial statements (excerpts framed in blue with tags including the label 'before') with the way they have communicated the same matter in their latest financial statements (excerpts framed in green including the label 'after').

This report does not represent a best-practice guide or show the only way to improve communication in a company's financial statements. The Board is not endorsing the changes carried out by particular companies or endorsing how these companies have implemented IFRS Standards in their financial statements.

Principles of effective communication suggested in the Discussion Paper	
Entity-specific	Tailoring information to a company's own circumstances.
Simple and direct	Using simple descriptions and sentence structures without omitting useful information.
Better organised	Ranking pieces of information to help users of financial statements understand their importance.
Better linked	Linking information to help users of financial statements understand the relationships between pieces of information.
Better formatted	Selecting a suitable format for the type of information companies provide.
Free of duplication	Avoiding unnecessary duplication that obscures communication.
Enhanced comparability	Disclosing information in a way that enhances comparability among companies and across reporting periods without compromising its usefulness.

Case studies

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Case study 1—Fonterra Co-operative Group Limited

Fonterra Co-operative Group Limited operates in the international dairy industry, with sales to more than 100 countries. Fonterra is a co-operative company incorporated and domiciled in New Zealand. The company is owned by more than 10,000 farmer shareholders. In addition, external investors (both institutional and individual) are able to earn returns based on Fonterra's financial performance by investing in the Fonterra Shareholders' Fund, a managed investment scheme listed on the New Zealand Exchange and the Australian Securities Exchange.

Triggers of change

The company published its first redesigned financial statements for the year ended 31 July 2015. Fonterra decided to review the clarity of its financial statements in response to work on effective communication led by international and national organisations, including standard-setters, accounting firms and regulators, and changes made by other New Zealand and international companies.

The process

Fonterra started the process of improving communication of information in its financial statements in early 2015. With the support of senior management, the company created an internal review team consisting of staff members with ties to the accounting and investor-relations teams. The team held a workshop with the company's auditors to:

- identify the information needs of different stakeholders; and
- communicate the information in a way that would ensure stakeholders could easily understand Fonterra's story.

> ***We consider our redesigned financial statements a tool of communication rather than the outcome of a mere compliance exercise and we treat it as a 'living document' which is subject to a continuous review process. We refer to this process as 'refreshing the financials'.***

Restructuring the notes

To enhance the way in which the company communicated information in its financial statements, the team determined which key themes were most important and relevant to stakeholders. Using those themes, the team reordered disclosures and grouped related notes under the following sections: 'Performance', 'Debt and equity', 'Working capital', 'Long-term assets', 'Investments', 'Financial risk management' and 'Other'. These changes are visible in the new structure of the notes, as shown in the following excerpts:

Before

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2013

NOTE		PAGE
1	Cost of goods sold	14
2	Profit/(loss) before net finance costs and tax	14
3	Net foreign exchange losses	15
4	Net finance costs	15
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17	Business combinations	32
18	Financial risk management	32
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Entity-specific

Better organised

Better linked

After

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2016

NOTE		PAGE
PERFORMANCE		**10**
1	Segment reporting	10
2	Cost of goods sold	14
3	Earnings per share	15
4	Profit before net finance costs and tax	15
DEBT AND EQUITY		**16**
5	Subscribed equity instruments	16
6	Dividends paid	17
7	Borrowings	17
8	Net finance costs	20
WORKING CAPITAL		**21**
9	Trade and other receivables	21
10	Inventories	22
11	Trade and other payables	22
12	Owing to suppliers	22
LONG-TERM ASSETS		**23**
13	Property, plant and equipment	23
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INVESTMENTS		**28**
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OTHER		**35**
19	Taxation	35
20	Contingent liabilities, provisions and commitments	37
21	Related party transactions	39
22	Group entities	41
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Case study 1—Fonterra Co-operative Group Limited *continued*

Communicating relevant information in a concise and clear way

The team made a number of changes designed to highlight relevant matters and to communicate them clearly and concisely.

Descriptions of the significant accounting policies, judgements and estimates were relocated to the related notes. According to Fonterra, this has made each note clearer. This change, together with the use of less formal and less technical descriptions, has contributed to enhancing the flow and the understandability of the discussion in each note. The excerpts from the note 'Cost of goods sold' from the 2013 and 2016 financial statements illustrate this change:[1]

Before

1 COST OF GOODS SOLD

	GROUP $ MILLION		PARENT $ MILLION	
	31 JULY 2013	31 JULY 2012	31 JULY 2013	31 JULY 2012
Opening inventory	2,981	3,277	–	–
Cost of Milk:				
– New Zealand sourced	8,635	9,033	8,649	9,050
– Non-New Zealand sourced	996	1,148	–	–
Other purchases	6,077	6,244	–	–
Closing inventory	(3,078)	(2,981)	–	–
Total cost of goods sold	15,611	16,721	8,649	9,050

Parent Cost of Milk – New Zealand sourced includes milk purchased from Fonterra Group companies of $14 million (2012: $17 million).

Entity-specific

Better linked

After

2 **COST OF GOODS SOLD**

Cost of goods sold is primarily made up of New Zealand sourced cost of milk.

New Zealand sourced cost of milk includes the cost of milk supplied by farmer shareholders, supplier premiums paid, and the cost of milk purchased from contract suppliers during the financial year.

New Zealand sourced cost of milk supplied by farmer shareholders comprises the volume of milk solids supplied at the Farmgate Milk Price as determined by the Board for the relevant season. In making that determination the Board takes into account the Farmgate Milk Price calculated in accordance with the Farmgate Milk Price Manual, which is independently audited. The Fonterra Farmgate Milk Price Statement sets out information about the Farmgate Milk Price, and how it is calculated by Fonterra. It can be found in the 'Our Financials/Farmgate milk prices' section of the Fonterra website.

	GROUP $ MILLION	
	31 JULY 2016	31 JULY 2015
Opening inventory	3,025	3,701
Cost of milk:		
– New Zealand sourced	6,205	7,121
– Non-New Zealand sourced	944	1,151
Other purchases	5,794	6,619
Closing inventory	(2,401)	(3,025)
Total cost of goods sold	13,567	15,567

1 The Financial Reporting Act 2013 in New Zealand withdrew the previous statutory requirement to present parent-entity financial statements along with the consolidated financial statements. The 2013 Act first applied to Fonterra's annual financial statements for the year ended 31 July 2015.

The team reassessed the relevance of the information provided in the notes. This resulted in a reduction of detail. The company considered both qualitative and quantitative factors when assessing whether information was material and should be retained in its financial statements. The 'Basis of consolidation' note illustrates the effects of the reassessment. The reduction in length of this note was achieved by focusing on information that investors find important, for example, the events that trigger consolidation or equity accounting. In addition, information about general consolidation procedures was deleted and information about equity-accounted investments was relocated to the relevant note. The following excerpts from the 2013 and 2016 financial statements illustrate this change:

Before

d) Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date that control is transferred to the Group. They are de-consolidated from the date control ceases.

The cost of an acquisition is measured as the fair value of the assets acquired, equity instruments issued and liabilities incurred or assumed at the date of exchange. Acquisition-related costs are expensed as incurred. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. The excess of the consideration transferred,

Entity-specific

Simple and direct

After

C) BASIS OF CONSOLIDATION

In preparing these financial statements, subsidiaries are consolidated from the date the Group gains control until the date on which control ceases. The Group's share of results of equity accounted investments is included in the consolidated financial statements from the date that significant influence or joint control commences, until the date that significant influence or joint control ceases. All intercompany transactions are eliminated.

Case study 1—Fonterra Co-operative Group Limited *continued*

The team merged information from notes that were previously shown separately. Fonterra can now more clearly show interrelated information. For example, the company merged separate notes on 'contingent liabilities', 'provisions' and 'commitments' into a single note in its 2016 financial statements.

Better linked

Before

19 CONTINGENT LIABILITIES

In the normal course of its business, Fonterra, its subsidiaries and equity accounted investees are exposed to claims, legal proceedings and arbitrations that may in some cases result in costs to the Group.

On 2 August 2013, Fonterra publicly announced a potential food safety issue with three batches of Whey Protein Concentrate (WPC80) produced at the Hautapu manufacturing site and initiated a precautionary product recall. WPC80 is used as an ingredient in the manufacture of a number of other products which have been subsequently identified and recalled by Fonterra's customers.

For the financial year ended 31 July 2013, Fonterra has provided for costs associated with the replacement of the recalled product of $14 million. No further provision has been included in the financial statements. There is significant uncertainty as regards any future impacts that may be experienced as a consequence of this precautionary recall. No contingent liability can be reliably quantified in regards to potential market

14 PROVISIONS

	GROUP $ MILLION		PARENT $ MILLION	
	31 JULY 2013	31 JULY 2012	**31 JULY 2013**	31 JULY 2012
Restructuring and rationalisation provisions				
Opening balance	**21**	7	**11**	1
Additional provisions	**46**	19	**13**	10

20 COMMITMENTS

Capital and intangible asset expenditure commitments

Capital and intangible asset expenditure contracted for at balance date but not recognised in the financial statements are as follows:

	GROUP $ MILLION		PARENT $ MILLION	
	AS AT 31 JULY 2013	AS AT 31 JULY 2012	**AS AT 31 JULY 2013**	AS AT 31 JULY 2012
Buildings	**23**	62	**–**	–
Plant, vehicles and equipment	**166**	241	**4**	3
Intangible assets	**9**	5	**7**	3
Total capital commitments	**198**	308	**11**	6

After

20 CONTINGENT LIABILITIES, PROVISIONS AND COMMITMENTS

Contingent liabilities

In the normal course of business, Fonterra, its subsidiaries and equity accounted investees are exposed to claims and legal proceedings that may in some cases result in costs to the Group.

In early August 2013, Fonterra publicly announced a potential food safety issue with three batches of Whey Protein Concentrate (WPC80) produced at the Hautapu manufacturing site and initiated a precautionary product recall.

In late August 2013, the New Zealand Government confirmed that the Clostridium samples found in WPC80 were not *Clostridium botulinum* and were not toxigenic, meaning the consumers of products containing the relevant batches of WPC80 were never in danger from *Clostridium botulinum*.

The team re-formatted the content to be more investor-friendly. The excerpts from the note 'Dividends paid' from the 2013 and 2016 financial statements show how a table can be used to present data-intensive information more effectively.

Better formatted

Before

Dividends paid

All Co-operative shares, including those held by the Custodian on trusts for the benefit of the Fund, are eligible to receive a dividend if declared by the Board.

On 25 September 2012, the Board declared a dividend of 20 cents per Co-operative share (totalling $287 million), paid on 20 October 2012 to all Co-operative shares on issue at 31 May 2012.

On 26 March 2013, the Board declared an interim dividend of 16 cents per share (totalling $256 million), paid on 19 April 2013 to all Co-operative shares on issue at 12 April 2013.

After

6 DIVIDENDS PAID

All Co-operative shares, including those held by the Custodian on trust for the benefit of the Fund, are eligible to receive dividends if declared by the Board. Dividends paid to the Custodian are passed on to unit holders by the FSF Management Company Limited (the Manager).

Dividends are recognised as a liability in the Group's financial statements in the period in which they are declared by the Board.

	$ MILLION	
DIVIDENDS	YEAR ENDED 31 JULY 2016	YEAR ENDED 31 JULY 2015
2016 Interim dividend – 10 cents per share[1]	160	–
2016 Interim dividend – 20 cents per share[2]	320	–
2015 Final dividend – 15 cents per share[3]	240	–
2015 Interim dividend – 10 cents per share[4]	–	160

The team provided information and explanations to help investors understand the company's financial statements. For example, the 2015 financial statements included a new note covering information about the amounts owed to Fonterra's farmer shareholders. The following excerpt from the 2016 financial statements shows this new note:

Entity-specific

12 OWING TO SUPPLIERS

Amounts owing to suppliers are amounts Fonterra owes to farmer shareholders and New Zealand contract milk suppliers for the collection of milk, which includes end of season adjustments, offset by amounts owing from farmer shareholders for goods and services provided to them by Fonterra.

These amounts are initially recognised at fair value, being the amount due to the supplier for the milk provided. They are subsequently measured at amortised cost using the effective interest method.

The Board uses its discretion in establishing the rate at which Fonterra will pay suppliers for the milk supplied over the season. This is referred to as the advance rate. The following table provides a breakdown of the advance payments made to suppliers:

	AS AT 31 JULY 2016	AS AT 31 JULY 2015
Owing to suppliers ($ million)	719	159
Final milk price for the season	$3.90	$4.40
Of this amount:		
– Total advance payments made during the year	$3.48	$4.33
– Total owing as at 31 July	$0.42	$0.07

Case study 1—Fonterra Co-operative Group Limited *continued*

Key benefits, reactions and challenges

According to Fonterra, an immediate benefit of having improved communication in its financial statements is that they have become easier to read and understand.

Once the company decided that it would undertake the process of improving the communication in its financial statements, the main challenge was 'what to tackle first', but once the process had started the company found it much easier to proceed. Other challenging areas were decisions around who should be involved in the process, as well as ensuring that the disclosure requirements of IFRS Standards were fulfilled, while at the same time removing immaterial information (for example, deciding what information was relevant, what could be reduced, what could be deleted, and what could be merged).

Areas of success and lessons learnt

To ensure success, Fonterra said the first step should always be to get buy-in from senior managers. In addition, Fonterra identified the importance of gathering the correct mix of representatives among a company's major internal and external stakeholder groups (ie 'getting the right people in the room'). Such discussions should be focused and realistic, while acknowledging that there is no single 'correct' way to present information in the financial statements. It was also important that there was an agreed timeline.

Fonterra sees improving communication as a continuous process, to be revisited each financial reporting period.

The most challenging bit of the process was actually getting started. Once that was done, having senior management's support and the right people in the room were then key ingredients for success.

What next?

Fonterra will continue 'refreshing' its financial statements. This effort will initially be focused on presenting clear explanations and investor-focused information following the implementation of IFRS 9 *Financial Instruments*.

Case study 2—Wesfarmers Limited

Wesfarmers Limited is an Australian conglomerate, whose operations span a retail division with businesses in supermarkets, home improvement, office supplies and department stores, and an industrial division with businesses in chemicals, energy and fertilisers, industrial and safety products, and coal. The company is listed on the Australian Securities Exchange.

Triggers of change

Historically, Wesfarmers' financial statements took a long time to prepare, due in part to the company's diverse portfolio of businesses. The resulting financial statements were long and filled with technical jargon that attracted a lot of questions from investors who struggled to find or understand the information they needed. In 2014, the company celebrated its centenary year and the 30th anniversary of its public listing. This prompted senior managers to examine how they could improve communication in the company's financial statements. Wesfarmers published its first streamlined financial statements for the year ended 30 June 2014.

> ***Our directors felt that the financial reporting process was compliance-driven and burdensome. It was time we refocused the attention on communicating our story.***

The process

Wesfarmers started the process of streamlining its financial statements in October 2013. A team comprising senior managers and staff developed draft versions of the streamlined set of financial statements. This involved rephrasing, removing and relocating information. Different versions were presented to various departments within the company, as well as its audit and risk committee. Throughout the process, the team maintained an open dialogue with committee members and departments, addressing questions about proposed changes. To reduce risks, senior managers decided the development of the streamlined set of financial statements would run in parallel with the preparation of the customary financial statements.

To ensure that the streamlined financial statements addressed the information needs of Wesfarmers' investors, the team reviewed queries sent to the investor-relations team, considered questions raised at annual general meetings and looked at feedback received during discussions with institutional investors, retail investors' representative bodies, regulators and auditors.

Restructuring the notes

The team grouped the notes into six key sections: 'Key numbers', 'Capital', 'Risk', 'Group structure', 'Unrecognised items' and 'Other'. This aimed to help stakeholders better understand the structure and location of information in the company's financial statements. The following excerpts from the 2013 and 2016 financial statements illustrate this change:

Case study 2—Wesfarmers Limited *continued*

Before

Financial statements

for the year ended 30 June 2013 – Wesfarmers Limited and its controlled entities

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12	Investments in associates	125
13	Property, plant and equipment	126
14	Intangible assets and goodwill	128
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Entity-specific

Better organised

Better linked

After

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016 – WESFARMERS LIMITED AND ITS CONTROLLED ENTITIES

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Key numbers	Capital	Risk	Group structure	Unrecognised items	Other
1. Income	10. Capital management	15. Financial risk management	18. Associates and joint arrangements	21. Commitments and contingencies	23. Parent disclosures
2. Expenses	11. Dividends and distributions	16. Hedging	19. Subsidiaries	22. Events after the reporting period	24. Deed of Cross Guarantee
3. Tax expense	12. Equity and reserves	17. Impairment of non-financial assets	20. Business combinations		25. Auditors' remuneration
4. Cash and cash equivalents	13. Earnings per share				26. Related party transactions
5. Receivables	14. Interest-bearing loans and borrowings				27. Other accounting policies
6. Inventories					28. Share-based payments
7. Property, plant and equipment					29. Director and executive disclosures
8. Goodwill and intangible assets					30. Tax transparency disclosures
9. Provisions					

The team also added a section called 'About this report' immediately after the primary financial statements.[2] In this section, Wesfarmers explained the basis of preparation of its consolidated financial statements, identified where information about key judgements and estimates could be found (see excerpt below) and described how information in the notes was organised.

Key judgements and estimates

In the process of applying the Group's accounting policies, management has made a number of judgements and applied estimates of future events. Judgements and estimates which are material to the financial report are found in the following notes:

Page		
96	Note 1	Income
98	Note 3	Tax expense
100	Note 6	Inventories
101	Note 7	Property, plant and equipment
102	Note 8	Goodwill and intangible assets
103	Note 9	Provisions
118	Note 17	Impairment of non-financial assets
120	Note 18	Associates and joint arrangements

Simple and direct

Better linked

2 The Discussion Paper *Disclosure Initiative—Principles of Disclosure* suggests using the term 'primary financial statements' for the following statements: financial position, financial performance, changes in equity and cash flows.

This section also included information about the most important transactions during the reporting period in order to give them greater prominence in the financial statements.

Better organised

Significant items in the current reporting period

Funding activities

Borrowings - Proceeds

During February 2016, Wesfarmers established three-year bank facilities totalling £515 million and £115 million of one-year facilities (totalling £630 million or A$1,135 million) to fund the acquisition and provide working capital to Homebase Limited.

In June 2016, Wesfarmers established A$500 million of new three-year bank facilities. Other bank facilities held with Wesfarmers' relationship banks that matured during the financial year were renewed and extended for periods ranging from one year to three years, in line with original facility tenors.

Acquisition

Home Improvement: on 27 February 2016, Wesfarmers' acquisition of the Homebase business for £340 million (A$665 million) was completed. Homebase is the second largest home improvement and garden retailer in the United Kingdom (UK) and Republic of Ireland. The Homebase acquisition delivers an established and scalable platform with stores that are the right size for the UK market and a low-cost operating model. Homebase will be reinvigorated to build a new Bunnings-branded business over three to five years. Refer to note 20 for further details on the acquisition.

Communicating relevant information in a concise and clear manner

The team believes that a series of small changes made throughout the financial statements, highlighting relevant matters and communicating them clearly and concisely, has made a huge impact overall. The following paragraphs describe some of these changes.

The team relocated information about the significant accounting policies, judgements and estimates into the relevant notes. The following excerpts from the inventories note illustrate these changes:

Before

10: Inventories

	CONSOLIDATED 2013 $m	CONSOLIDATED 2012 $m
Raw materials	**103**	92
Work in progress	**27**	39
Finished goods	**4,917**	4,875
Total inventories at the lower of cost and net realisable value	**5,047**	5,006

Inventories recognised as an expense for the year ended 30 June 2013 totalled $42,218 million (2012: $40,987 million).

Entity-specific

Better linked

After

6. Inventories

	CONSOLIDATED 2016 $m	CONSOLIDATED 2015 $m
Raw materials	**92**	112
Work in progress	**18**	55
Finished goods	**6,150**	5,330
	6,260	5,497

Inventories recognised as an expense for the year ended 30 June 2016 totalled $48,182 million (2015: $45,682 million).

Recognition and measurement

Inventories are valued at the lower of cost and net realisable value. The net realisable value of inventories is the estimated selling price in the ordinary course of business less estimated costs to sell.

Key estimate: net realisable value

The key assumptions, which require the use of management judgement, are the variables affecting costs recognised in bringing the inventory to their location and condition for sale, estimated costs to sell and the expected selling price. These key assumptions are reviewed at least annually. The total expense relating to inventory writedowns during the year was $50 million (2015: $46 million). Any reasonably possible change in the estimate is unlikely to have a material impact.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- *Raw materials*: purchase cost on a weighted average basis.
- *Manufactured finished goods and work in progress*: cost of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity, but excluding borrowing costs. Work in progress also includes run-of-mine coal stocks for Resources, consisting of production costs of drilling, blasting and overburden removal.
- *Retail and wholesale merchandise finished goods*: purchase cost on a weighted average basis, after deducting any settlement discounts, supplier rebates and including logistics expenses incurred in bringing the inventories to their present location and condition.

Volume-related supplier rebates, and supplier promotional rebates where they exceed spend on promotional activities, are accounted for as a reduction in the cost of inventory and recognised in the income statement when the inventory is sold.

Key estimate: supplier rebates

The recognition of supplier rebates in the income statement requires management to estimate both the volume of purchases that will be made during a period of time and the related product that was sold and remains in inventory at reporting date. Management's estimates are based on existing and forecast inventory turnover levels and sales. Reasonably possible changes in these estimates are unlikely to have a material impact.

Case study 2—Wesfarmers Limited *continued*

The team gathered feedback from analysts and investors to understand what information they found relevant when analysing Wesfarmers and similar companies. As a result, the team learnt that investors had not raised questions about the company's pension plan in recent times. In addition, Wesfarmers assessed the information arising from the pension plan, and concluded that it was immaterial and that there was no need for a separate pension note.

The team also merged disclosures that were previously presented in separate notes to help investors understand the relationship between different pieces of information. For example, the 2013 financial statements presented disclosures about contributed equity, retained earnings and reserves in separate notes. The 2016 financial statements combined information on these three notes into one note called 'Equity and reserves'.

Before

Better linked

21: Contributed equity

	CONSOLIDATED 2013 $m	CONSOLIDATED 2012 $m
Issued capital – ordinary shares (a)	**23,290**	23,286
Reserved shares (b)	**(26)**	(31)
	23,264	23,255

22: Retained earnings

	CONSOLIDATED 2013 $m	CONSOLIDATED 2012 $m
Balance as at 1 July	**2,103**	1,774
Net profit	**2,261**	2,126
Dividends	**(1,990)**	(1,793)
Actuarial gain/(loss) on defined benefit plan, net of tax	**1**	(4)
Balance as at 30 June	**2,375**	2,103

23: Reserves

CONSOLIDATED	Restructure tax reserve $m	Capital reserve $m	Foreign currency translation reserve $m	Hedging reserve $m	Available-for-sale reserve $m	Share-based payments reserve	Total $m
Balance at 1 July 2011	150	24	(59)	189	6	-	310
Gains/(losses) on financial instruments recognised in equity	-	-	-	55	(7)	-	48
Tax effect of revaluation	-	-	-	(17)	2	-	(15)
Realised gains transferred to balance sheet/n	-	-	-	(92)	-	-	(92)
Share of associates' reserves							
Tax effect of transfers							
Currency translation differences							
Balance at 30 June 2012							

After

12. Equity and reserves (continued)

The nature of the Group's contributed equity

Ordinary shares are fully-paid and have no par value. They carry one vote per share and the right to dividends. They bear no special terms or conditions affecting income or capital entitlements of the shareholders and are classified as equity.

Reserved shares are ordinary shares that have been repurchased by the company and are being held for future use. They include employee reserved shares, which are shares issued to employees under the share loan plan. Once the share loan has been paid in full, they are converted to ordinary shares and issued to the employee.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds. There are no shares authorised for issue that have not been issued at reporting date.

CONSOLIDATED	Retained earnings $m	Restructure tax reserve $m	Capital reserve $m	Foreign currency translation reserve $m	Cash flow hedge reserve $m	Financial assets reserve $m	Share-based payments reserve $m
Balance at 1 July 2014	2,901	150	24	50	167	5	12
Net profit	2,440	-	-	-	-	-	-
Dividends	(2,600)	-	-	-	-	-	-
Remeasurement gain on defined benefit plan	1	-	-	-	-	-	-
Net gain on financial instruments recognised in equity	-	-	-	-	(49)	-	-
Realised losses transferred to balance sheet/net profit	-	-	-	-	(206)	-	-
Share of associates and joint venture reserve	-	-	-	-	(13)	-	-
Tax effect of transfers and revaluations	-	-	-	-	86	-	-
Currency translation differences	-	-	-	(11)	-	-	-
Share-based payment transactions	-	-	-	-	-	-	11
Balance at 30 June 2015 and 1 July 2015	**2,742**	**150**	**24**	**39**	**(15)**	**5**	**23**

Wesfarmers redrafted the description of new and amended accounting standards using simpler language and formatting that helped investors understand their relevance to the company. The following excerpts from the 2013 and 2016 financial statements illustrate this change:

Before

(ai) New and revised Accounting Standards and Interpretations

All new and amended Australian Accounting Standards and Interpretations mandatory as at 1 July 2012 to the Group have been adopted, including:

– Amendments to AASB 1048 /

The Standard identifies the Au classifies them into two group IASB interpretation and those apply each relevant Australian statements that are within the

– Amendments to AASB 2010-{illegible} *Accounting Standards - Defer Assets*

These amendments address t on investment property measu rebuttable presumption that d measured at fair value should

Better formatted

Simple and direct

After

(b) New and amended standards and interpretations issued but not yet effective

The following standards, amendments to standards and interpretations are relevant to current operations. They adoption but have not been applied by the Group in this financial report.

Reference	Description
The effects of the following Standards are not expected to be material:	
AASB 2014-3 *Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations*	AASB 2014-3 amends AASB 11 *Joint Arrangements* to provide guidance on the accounting for acquisitions of interests in joint operations in which the activity constitutes a business.
AASB 2014-4 *Clarification of Acceptable Methods of Depreciation and Amortisation*	The IASB has clarified that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The amendment also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of an intangible asset.
AASB 2014-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)*	This Standard makes amendments to a number of Australian Accounting Standards as a result of AASB 9 *Financial Instruments* (December 2014).

In addition to the changes above, the team also introduced the use of:

- symbols to refer to information placed in other parts of the financial statements, thus avoiding repetition; and
- charts and other graphics to present data-intensive information more clearly.

Examples of these changes are shown below:

Free of duplication

19. Subsidiaries (continued)

Entity acquired/incorporated during the year.	@
Entity dissolved/deregistered during the year.	~
Audited by firms of Ernst & Young International.	#
Audited by other firms of accountants.	<
An ASIC-approved Deed of Cross Guarantee has been entered into by Wesfarmers Limited and these entities. Refer note 24 for further details.	+
All subsidiaries are incorporated in Australia unless identified with one of the following symbols:	
Bermuda	♠
Botswana	◢
Cayman Islands	▽
China	♣
Hong Kong	◆
India	●
Indonesia	♥
New Zealand	■
Portugal	❖
Republic of Ireland	⊓

19. Subsidiaries (continued)

ENTITY	2016 %	2015 %
Protex Healthcare (Aus) Pty Ltd	**100**	100
PT Blackwoods Indonesia ♥	**100**	100
PT Greencap NAA Indonesia ♥ ~	**-**	100
Quickinstant Limited @ ▲	**100**	-
R & N Palmer Pty Ltd	**100**	100
Rapid Evacuation Training Services Pty Ltd	**100**	100
Relationship Services Pty Ltd	**100**	100
Retail Australia Consortium Pty Ltd	**100**	100
Retail Investments Pty Ltd	**100**	100

Case study 2—Wesfarmers Limited *continued*

Capital expenditure by segment for FY2016

		$m			$m
	Coles	763		Officeworks	41
	HI	538		Resources	116
	Kmart	165		WIS	44
	Target	128		WesCEF	60

* Other capital expenditure: $2 million

Better formatted

Key benefits, reactions and challenges

The process produced clearer and more concise financial statements, which resulted in a reduction in the number of questions addressed to the investor-relations team. Questions that were asked were more focused than those raised before the streamlining process was undertaken. Wesfarmers also received positive feedback from retail investors immediately after the first set of its streamlined financial statements was released. Wesfarmers has also noted that the process has attracted good reviews from the company's auditors, who say they find the streamlined financial statements easier to read and review.

The process has also led to a significant reduction in the amount of time spent preparing financial statements. As a direct consequence, Wesfarmers accounting staff are available to work on other internal projects, and to better support the company's financial management function.

The major challenge for Wesfarmers is maintaining a degree of comparability to financial information provided by other companies, in order to enable investors to benchmark the company against its competitors.

Areas of success and lessons learnt

Wesfarmers believes that its process was most successful in reducing duplication and in redrafting particular disclosures to make them clearer and more concise.

A series of subtle changes throughout the financials can make a huge difference to their understandability as a whole.

To assess what information would be useful to investors, the team asked other departments within the company about the information they typically provided for the preparation of the company's financial statements. However, the team also said they could have involved these departments more actively at the start of the process by asking them more directly about the ways in which they would streamline the information in the financial statements for which they had direct responsibility.

What next?

Wesfarmers says it will continue to seek improvements in the quality of the company's financial statements by incorporating feedback from investors and senior managers. The company aims to extend the streamlining efforts to other parts of its annual report, such as the remuneration report.

Wesfarmers also intends to explore how to make its financial statements more comparable with its peers, thereby making it easier for investors to analyse the company relative to other companies. Wesfarmers says it may also consider working towards a fully digitised, interactive annual report.

Case study 3—PotashCorp

PotashCorp is a Canadian company that makes fertiliser and associated chemical and mineral products vital for industry and agriculture. The Saskatoon-based company is a producer of three essential crop ingredients, namely potash, nitrogen and phosphate. PotashCorp operates or has investments in seven countries and is listed on the Toronto and New York stock exchanges.

Improving communication through gradual changes

PotashCorp has improved the way it communicates financial information by adapting and changing its financial statements over several years with changes becoming more noticeable in its 2011 financial statements.

The company's communications rethink started when senior managers at PotashCorp questioned the usefulness of some of the notes in the company's financial statements (for example, the information provided in the significant accounting policies note). At the same time, accounting staff started analysing investors' feedback and information needs.

Further impetus for change at PotashCorp came from international and national organisations promoting initiatives and publications on effective communication. These included standard-setters, accounting firms, and regulators, as well as other companies making similar reviews.

The process

By taking a gradual approach to incorporating changes to its financial statements, PotashCorp has kept any disruption or strain on resources to a minimum.

The company's corporate reporting department carries out a yearly self-assessment process, analysing PotashCorp's latest financial statements to identify successful modifications and aspects that could be further improved.

During this process, accounting staff also consult with other departments, such as the legal and investor-relations teams, which regularly contribute information to the financial statements.

Proposed changes arising from these discussions are then incorporated into a draft set of financial statements, which in turn is presented to finance management, senior management, the audit committee and finally, the auditors.

In some cases, changes include deleting information deemed to be irrelevant. To respond to queries that may arise from these omissions and to monitor the materiality of the omitted disclosures, the company maintains a separate document that is regularly updated to house all disclosures that have been deleted or updated, along with the disclosures included in the draft statements.

Disclosures are also mapped to the related requirements in IFRS Standards and U.S. Securities and Exchange Commission requirements so that they can be easily tracked and the related requirements quickly accessed.

The journey towards improving communication of information in the financial statements starts from identifying easy wins. Taking that first step is the most important activity in this process.

Reordering the notes and aiding navigation through the financial statements

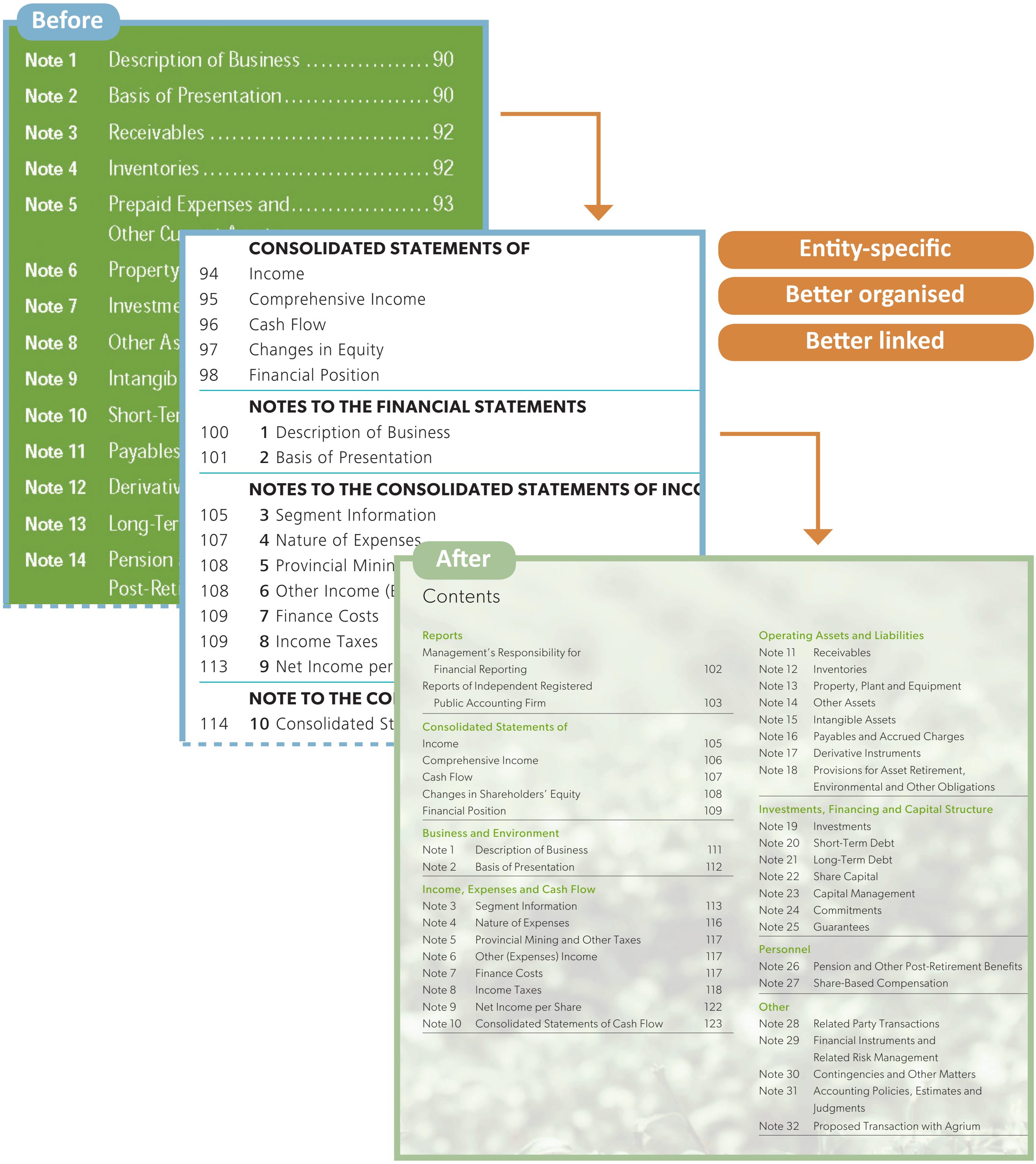
Among the examples of how PotashCorp has made gradual changes to its financial statements is the way the notes have been grouped into sections.

Until 2010, the notes in PotashCorp's financial statements were simply presented as a list. This changed between 2011 and 2015, when the company began to group the notes according to the primary financial statement to which they belonged.

Case study 3—PotashCorp *continued*

In 2016, PotashCorp added a further refinement by grouping the notes according to their function: ‘Business and Environment’, ‘Income, Expenses and Cash Flow’, ‘Operating Assets and Liabilities’, ‘Investments, Financing and Capital Structure’, ‘Personnel’ and ‘Other’.

This modification, made to help stakeholders navigate PotashCorp’s financial statements more easily, also reflects better the company’s story.



Changes to the grouping of the notes had a positive knock-on effect—making each note clearer and more concise

PotashCorp changed not only the grouping of the notes but also their structure and content. For example, at the beginning of each note, as shown in the excerpt below, the company now includes a brief introductory paragraph about the nature of transactions and applicable accounting policies relevant to the note.

Simple and direct

Note 17 Derivative Instruments

PotashCorp enters into contracts with other parties primarily to fix the price of natural gas used as feedstock in production and the exchange rate for Canadian dollar transactions.

Accounting Policies

Derivative financial instruments are used to lock in commodity prices, exchange rates and interest rates. Contracts to buy or sell a non-financial item [1] are recognized at fair value on the consolidated statements of financial position where appropriate.

For designated and qualified cash flow hedges:

- the effective portion of the change in the fair value of the derivative is accumulated in OCI until the variability in cash flows being hedged is recognized in net income in future accounting periods; and
- the ineffective portions of hedges are recorded in net income in the current period.

The change in fair value of derivative instruments, not designated or not qualified as hedges, is recorded in net income in the current period.

Accounting Estimates and Judgments

Uncertainties, estimates and use of judgment include the assessment of contracts as derivative instruments and for embedded derivatives, application of hedge accounting and valuation of derivatives at fair value (discussed further in Note 29).

For derivatives or embedded derivatives, the most significant area of judgment is whether the contract can be settled net, one of the criteria in determining whether a contract for a non-financial asset is considered a derivative and accounted for as such. Judgment is also applied in determining whether an embedded derivative is closely

In making these changes, the company relocated the descriptions about accounting policies, judgements and estimates, which were previously disclosed in a single note, to the relevant notes. The company also incorporated clear signposting in each note to enable readers to distinguish between accounting policies, judgements, estimates and supporting information.

Before

5. ACCOUNTS RECEIVABLE

		2006	2005
Trade accounts	– Canpotex	$ 84.1	$ 71.6
	– Other	329.3	343.0
Non-trade accounts		33.6	43.8
		447.0	458.4
Less a			

Better linked

NOTE 3 RECEIVABLES

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost less allowance for doubtful accounts. An allowance for doubtful accounts is established when there is a reasonable expectation that the company will not be able to collect all amounts due. The carrying amount of the trade receivables is reduced through the use of the allowan amount of any increase in the allowance is recog receiv trade credit

	2010	2009
Trade accounts – Canpotex	$ 297.9	$ 164.3
– Other	448.7	264.4
Less allowance for doubtful accounts	(8.2)	(8.4)
	738.4	420.3

After

Note 11 Receivables

Receivables represent amounts the company expects to collect from other parties. Trade receivables consist mainly of amounts owed to PotashCorp by its customers, the largest individual customer being the related party, Canpotex.

Accounting Policies

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost less provision for impairment of trade accounts receivable. When a trade receivable is uncollectible, it is written off against the provision. Subsequent recoveries of amounts previously written off are credited to the consolidated statements of income.

Accounting Estimates and Judgments

Determining when amounts are deemed uncollectible requires judgment.

Supporting Information

	2016	2015
Trade accounts – Canpotex (Note 28)	$ 141	$ 148
– Other	292	327
Less provision for impairment of trade accounts receivable	(6)	(7)

Case study 3—PotashCorp *continued*

PotashCorp also made a number of changes aimed at making the content more relevant. To do so, PotashCorp analysed investors' feedback and typical requests for information. This helped the company to identify that investors wanted to understand the asset retirement and environmental restoration obligations. Consequently, the company made changes to those notes to include additional information that investors said was useful to them, such as a sensitivity analysis of the asset retirement obligations. The following excerpts from the 2010 and 2016 financial statements illustrate this change:

Before

NOTE 15 ENVIRONMENTAL COSTS AND ASSET RETIREMENT OBLIGATIONS

Environmental costs that relate to current operations are expensed or capitalized as appropriate. Environmental costs are capitalized if the costs extend the life of the property, increase its capacity, mitigate or prevent contamination from future operations, or relate to legal asset retirement obligations. Costs that relate to existing conditions caused by past operations and that do not contribute to current or future revenue generation are expensed. Provisions for estimated costs are recorded when environmental remedial efforts are likely and the costs can be reasonably estimated. In determining the provisions, the company uses the most current information available, including similar past experiences, available technology, regulations in effect, the timing of remediation and cost-sharing arrangements.

The company recognizes its obligations to retire certain tangible long-lived assets. The fair value of a liability for an asset retirement obligation is recognized in the period in which it is incurred if a reasonable estimate of fair value can be made. The associated asset retirement costs are capitalized liability to retire such assets exists. The major categories of asset retirement obligations include: reclamation and restoration costs at the company's potash and phosphate mining operations, including management of materials generated by mining and mineral processing, such as various mine tailings and gypsum; land reclamation and revegetation programs; decommissioning of underground and surface operating facilities; general cleanup activities aimed at returning the areas to an environmentally acceptable condition; and post-closure care and maintenance.

The estimation of asset retirement obligation costs depends on the development of environmentally acceptable closure and post-closure plans. In some cases, this may require significant research and development to identify preferred methods for such plans that are economically sound and that, in most cases, may not be implemented for several decades. The company has continued to use appropriate technical resources, including outside consultants, to develop specific site closure and post-closure plans in

Entity-specific

After

Sensitivity of asset retirement obligations to changes in the discount rate and inflation rate on the recorded liability as at December 31, 2016 is as follows:

	Undiscounted Cash Flows	Discounted Cash Flows	Discount Rate +0.5%	Discount Rate -0.5%	Inflation Rate +0.5%	Inflation Rate -0.5%
Potash obligation [1]	$ 1,001 [2]	$ 113	$ (26)	$ 36	$ 38	$ (25)
Nitrogen obligation	62	3	(1)	1	1	(1)
Phosphate obligation	952	591	(34)	39	39	(34)

[1] Stated in Canadian dollars.

[2] Represents total undiscounted cash flows in the first year of decommissioning. Excludes subsequent years of tailings dissolution, fine tails capping, tailings management area reclamation, post reclamation activities and monitoring, and final decommissioning, which are estimated to take an additional 91-268 years.

Supporting Information

Following is a reconciliation of asset retirement, environmental restoration and other obligations:

	Asset Retirement Obligations	Environmental Restoration Obligations	Subtotal	Other Obligations	Total
Balance – December 31, 2015	$ 637	$ 22	$ 659	$ 6	$ 665
Charged to income					
New obligations	3	3	6	1	7
Change in discount rate	9	–	9	–	9
Change in other estimates	42	–	42	–	42
Unwinding of discount	14	–	14	–	14
Capitalized to property, plant and equipment					

Accounting Policies continued

Environmental costs related to current operations are:

Capitalized as an asset, if	Expensed, if	Recorded as a provision, when
• property life is extended; • capacity is increased; • contamination from future operations is mitigated or prevented; or • related to legal or constructive asset retirement obligations.	• related to existing conditions caused by past operations; and • they do not contribute to current or future revenue generation.	• environmental remedial efforts are likely; and • the costs can be reasonably estimated. The company uses the most current information available, including similar past experiences, available technology, regulations in effect, the timing of remediation, and cost-sharing arrangements.

The company also removed information that investors told them added minimal value. For example, the company redrafted the 'Basis of Preparation' note avoiding boilerplate narratives that repeated the requirements in IFRS Standards. The following excerpts from the 2010 and 2016 financial statements illustrate this change:

Before

NOTE 2 BASIS OF PRESENTATION

The company's accounting policies are in accordance with Canadian generally accepted accounting principles ("Canadian GAAP"). These policies are consistent with accounting principles generally accepted in the United States ("US GAAP") in all material respects except as outlined in Note 31.

The preparation of consolidated financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated fina   and the reported amounts of revenues and expenses du

Key areas w
(often as a

Principles of Consolidat

The consolidated financial stater
and its subsidiaries, and any ma
primary beneficiary. Principal op

- PCS Sales (Canada) Inc.
  – PCS Joint Venture, Ltd. ("PC
- PCS Sales (USA), Inc.
- PCS Phosphate Company, Inc
  – PCS Purified Phosphates

Better linked

Better organised

After

The company is a foreign private issuer in the US that voluntarily files its consolidated financial statements with the Securities and Exchange Commission (the "SEC") on US domestic filer forms. In addition, the company is permitted to file with the SEC its audited consolidated financial statements under IFRS without a reconciliation

Board of Directors for issue on February 20, 2017.

These consolidated financial statements were prepared under the historical cost convention, except for certain items as discussed in the applicable accounting policies.

consolidated financial statements, are disclosed in Note 31. New standards and amendments or interpretations that were either effective and applied by the company during 2016 or that were not yet effective are described in Note 31.

Note	Topic	Accounting Policies	Accounting Estimates and Judgments	Page
3	Revenue recognition	X	X	113
4	Cost of goods sold	X		116
4	Selling and administrative expenses	X		116
8	Income taxes	X	X	118
10	Cash equivalents	X		123
11	Receivables	X	X	124
12	Inventories	X	X	125

Note	Topic	Accounting Policies	Accounting Estimates and Judgments	Page
18	Provisions for asset retirement, environmental and other obligations	X	X	132
19	Investments	X	X	135
21	Long-term debt	X		138
24	Commitments	X	X	142
25	Guarantees	X		143
26	Pension and other post-retirement benefits	X	X	144

To make the information provided in its financial statements easier to understand, PotashCorp redrafted the notes using simpler language and better formatting. For example, the company redrafted the description of the accounting policy on taxation using shorter sentences, each providing a specific piece of information. The use of tables and bullet points made the information in this note easier to understand. The following excerpts from the 2010 and 2016 financial statements illustrate this change:

Before

NOTE 22 INCOME TAXES

Taxation on earnings comprises current and future income tax. Taxation is recognized in the Consolidated Statements of Operations except to the extent that it relates to items recognized directly in OCI during the current period, in which case the tax is recognized in OCI.

Current income tax is the expecte
income for the year using rates e
year-end, and includes any adjust
of previous years. Income tax pay
earned on capital expenditures. W
enterprises within the consolidate
by the transferor as a result of th
consolidated financial statements
consolidated entity (Note 5). Futu
asset and liability method whereb
are recognized for temporary diffe
amounts of assets and liabilities a

control the reversal of the tempor
is not expected to reverse in the
income tax recognized is based o
realization or settlement of the ca
Future income tax assets are reco

Better formatted

Simple and direct

After

Current income tax is:	Deferred income tax is:
• the expected tax payable on the taxable income for the year; • calculated using rates enacted or substantively enacted at the consolidated statements of financial position date in the countries where the company's subsidiaries and equity-accounted investees operate and generate taxable income; and • inclusive of any adjustment to income tax payable or recoverable in respect of previous years.	• recognized using the liability method; • based on temporary differences between financial statements' carrying amounts of assets and liabilities and their respective income tax bases; and • determined using tax rates that have been enacted or substantively enacted by the statements of financial position date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Case study 3—PotashCorp *continued*

The company also increased the use of cross-referencing of information to avoid duplication, and to assist with locating explanatory information. The following excerpt from the 2016 annual report (the 'Capital Structure and Management' section of the financial overview) with cross-references to the financial statements illustrates this change:

Free of duplication

PRINCIPAL DEBT INSTRUMENTS

We use a combination of short-term and long-term debt to finance our operations. We typically pay floating rates of interest on our short-term debt and credit facility, and fixed rates on our senior notes. As at December 31, 2016, interest rates on outstanding commercial paper ranged from 0.9 percent to 1.1 percent.

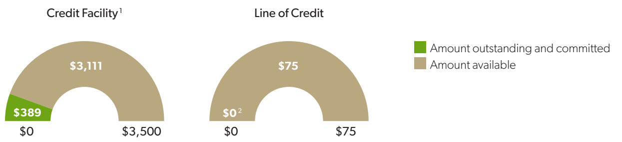
We have the following instruments available to finance operations:

- $3.5 billion syndicated credit facility;[1]
- $75 million unsecured line of credit [2] available through August 2017; and
- $100 million uncommitted letter of credit facility [2] due on demand.

The credit facility and line of credit have financial tests and other covenants with which we must comply at each quarter-end. Non-compliance with any such covenants could result in accelerated payment of amounts borrowed and termination of lenders' further funding obligations under the credit facility and line of credit. We were in compliance with all covenants as at December 31, 2016 and at this time anticipate being in compliance with such covenants in 2017.

FS Notes 20 and 21

As at December 31, 2016
($ millions)



[1] The authorized aggregate amount under the company's commercial paper programs in Canada and the US is $2,500 million. The amounts available under the commercial paper programs are limited to the availability of backup funds under the credit facility. Included in the amount outstanding and committed is $389 million of commercial paper.

[2] Letters of credit committed. We also have an uncommitted $100 million letter of credit facility against which $40 million was issued at December 31, 2016.

Source: PotashCorp

For additional information on our capital structure and management:

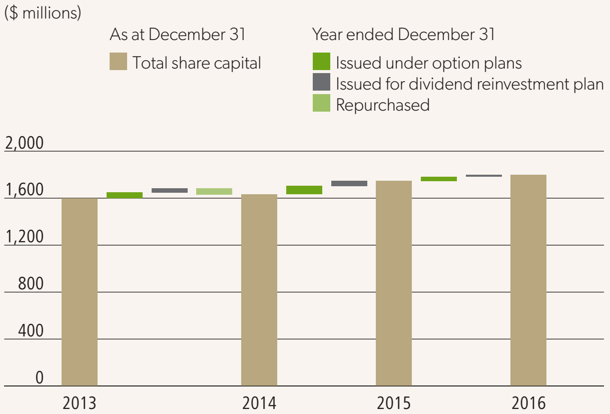
FS Notes 23 for capital structure
Notes 9 and 22 for outstanding share data

The accompanying table summarizes the limits and results of certain covenants.

PotashCorp introduced many charts and other graphics to present data-intensive information more clearly.

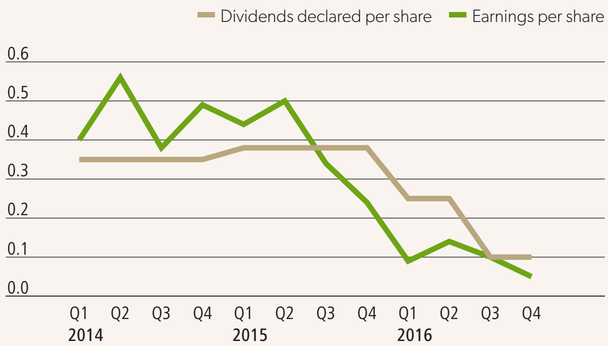
Better formatted

SHARE CAPITAL CONSIDERATION Unaudited
($ millions)



Source: PotashCorp

DIVIDENDS AND EARNINGS PER SHARE Unaudited
($)



Source: PotashCorp

In addition, the company changed the layout of its 2016 financial statements to a landscape format in order to enhance their readability, especially online.

Key benefits, reactions and challenges

PotashCorp says that the changes have been received well by investors. Despite the redrafted notes being more concise, investors who have given feedback say the revised financial statements still provide relevant information.

In particular, investors have commented that the new structure and content of the notes have increased the transparency of the financial statements, removing any initial concerns about reduction of information.

Another consequence of the modifications has been an improvement in the quality of the dialogue between the company and its investors. According to PotashCorp's investor-relations team, questions posed by investors in recent years have tended to be more constructive, insightful and well informed, a clear indication that the company's investors now better understand the content of its financial statements.

You're bound to be opposed when removing information from financial statements, even when the information is considered immaterial. In order to attain substantial change, it's important to challenge this notion.

PotashCorp's senior managers say that the process of improving communication in the company's financial statements has led to more efficient processes for their preparation. For example, tracking which changes have been made and which disclosures have been omitted, while at the same time checking the provided disclosures against the disclosure requirements, has saved staff time during the preparation of the financial statements. Better documentation of the decision-making process around disclosures has also helped PotashCorp's investor-relations team respond to investors' queries. In addition, some of the lessons learnt from this process have helped the company's preparation of the quarterly financial statements, which are now also simpler and more concise.

PotashCorp's senior managers say the enhanced presentation of the information in the financial statements has had a positive effect on their company's reputation, and has contributed to the company's governance.

The major challenge for PotashCorp has been the application of materiality considerations when deciding whether there is a need for, and if there is, how to fulfil, some of the disclosure requirements. The company is of the view that the amendments to IAS 1 *Presentation of Financial Statements* clarifying the requirements for materiality have partially helped them in that decision process, resulting in PotashCorp achieving disclosure reductions for income taxes, share capital, pensions and share-based compensation in its 2016 financial statements.[3] When making materiality judgements about disclosures, PotashCorp says, some items are clearly material while others are clearly immaterial. Many difficult judgements about disclosures relate, however, to items that reside in the large grey area between clearly material and clearly immaterial items.

Areas of success and lessons learnt

Reflecting on the modifications to its financial statements, PotashCorp says they were most successful in reducing unnecessary complexity, which in turn has helped investors to understand the story of the company better.

According to the company's senior managers, the process of improving communication in the financial statements requires fewer resources if it is managed in phases rather than all at once. This could be vital for organisations with limited resources intending to make their own financial statements clearer and more streamlined.

If a company is determined to follow best practice in financial reporting, it is important not to remain static and to pursue innovative ways of improving communication.

What next?

The company believes that to achieve transparent reporting it is essential to keep on refining and seeking new ways to improve communication in its financial statements. PotashCorp aims to continue with this trend and is considering upgrading its financial statements so that they are fully digitised and interactive in the years to come.

3 *Disclosure Initiative* (Amendments to IAS 1) was issued in December 2014. The amendments clarified the requirements in IAS 1 for materiality, order of the notes, subtotals in the primary financial statements and disclosure of accounting policies.

Case study 4—ITV plc

ITV plc is an integrated producer broadcaster that creates, owns and distributes content on multiple platforms. ITV is listed on the London Stock Exchange and forms a part of the FTSE 100 Index.

Changes in strategy and their impact on communication

In 2010, ITV announced a plan to improve the performance of its UK television broadcast business while increasing revenues from international content and multi-platform distribution. This translated not only into changes in the company's strategic direction but also in a rethink of the way ITV communicated information in its financial statements. In particular, ITV wanted to achieve greater cohesion in its overall message to investors so that the communication of its business strategy extended to its financial statements.

ITV's modifications to the way it communicated information began to be noticeable in its financial statements for the year ended 31 December 2010. The company observed how other companies had presented financial information, while also taking note of concepts that had been discussed in publications on effective communication published by standard-setters and accounting firms.

Over subsequent years, the company has continued to focus its efforts on clearly disclosing information in its financial statements, including significant transactions for the company, such as business acquisitions.

The ongoing process of challenging the relevance and understandability of the disclosures

For the preparation of the company's financial statements, teams from the accounting, investor-relations, tax, treasury, pensions, mergers and acquisitions and group secretariat departments work closely together. ITV believes early assessment and planning well in advance of the year-end is key to the success of the process.

Any changes in disclosures are reviewed by all the relevant teams and approved by the audit committee. In addition, any significant events or transactions that occurred during the reporting period resulting in changes to the disclosures are discussed in advance with the audit committee.

ITV says its main challenge over the years has been to provide disclosures dealing with complex transactions or events using simple and non-technical language. More generally, the company has also focused on explaining the impact of its business strategy in its financial statements and aligning the structure of the notes more closely to other corporate reporting sections provided elsewhere in the annual report.

Furthermore, ITV says that simply achieving a reduction in the volume of the notes has never been a primary goal for the company. Instead, ITV's focus has been on providing relevant information to stakeholders using a simpler style.

Our fundamental drive when thinking about improving disclosures has been keeping explanations simple for the benefit of our stakeholders.

Grouping related notes together and ordering these groups in a way that reflects the company's story

Until 2009, the notes in ITV's financial statements were presented following the order of the line items of the primary financial statements. In 2010, the company grouped the notes into four sections: 'Basis of Preparation', 'Results for the Year', 'Operating Assets and Liabilities', 'Capital Structure and Financing Costs' and 'Other Notes'. This change was intended to highlight wider relationships among the information provided in the notes.

Although the core structure of the notes has not changed since 2010, their presentation evolves each year to ensure they stay relevant.

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Entity-specific

Better organised

Better linked

After

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Making significant changes to the structure and content of the notes to bring further clarity to the information disclosed

To assist stakeholders in navigating the company's financial statements, each section of notes is introduced by a brief paragraph about the nature of the transactions and balances dealt with in that section. ITV signposts this paragraph with the label 'In this section'. Following this paragraph, under the title 'Keeping it simple', ITV provides further description of the nature of the transactions and the applicable accounting in a clear and simplified manner. This narrative also includes any relevant changes to the accounting during the reporting period.

Notes to the Financial Statements
Section 3: Operating Assets and Liabilities

In this section

This section shows the assets used to generate the Group's trading performance and the liabilities incurred as a result. On the following pages there are notes covering working capital, non-current assets and liabilities, acquisitions and disposals, provisions and pensions.

Liabilities relating to the Group's financing activities are addressed in Section 4. Deferred tax assets and liabilities are shown in note 2.3.

3.1 Working capital

Keeping it simple

Working capital represents the assets and liabilities the Group generates through its trading activity. The Group therefore defines working capital as distribution rights, programme rights and production costs, trade and other receivables and trade and other payables.

Careful management of working capital ensures that the Group can meet its trading and financing obligations within its ordinary operating cycle.

Working capital is a driver of the profit to cash conversion, a key performance indicator for the Group. The Group's target profit to cash ratio on a rolling three year basis is at least 90%. For those subsidiaries acquired during the year, working capital at the date of acquisition is excluded from the profit to cash calculation so that only subsequent working capital movements in the period owned by ITV are reflected in this metric.

Financial Statements

Entity-specific

Simple and direct

Case study 4—ITV plc *continued*

Another change to the structure of the notes has been the relocation of the descriptions of the accounting policies, judgements and estimates to the relevant notes. Before 2010, a summary of all accounting policies, judgements and estimates was disclosed at the beginning of the notes to the financial statements. ITV says these changes have improved the flow and the understandability of the discussion in each note by providing more context to the numbers disclosed.

In addition, ITV has provided more detailed information about transactions, events and balances that are relevant to the understanding of the business. For example, for its recent acquisitions, ITV started including more detailed information about the terms and conditions surrounding the acquisitions made during the reporting period, usually under the subheading 'Key terms'. Using a separate subheading, 'acquisition accounting', the company has provided details about how these acquisitions are accounted for as well as information to help the company's stakeholders understand their effects on the financial statements. The extracts below from the 2009 and 2016 financial statements illustrate these changes:

Entity-specific

Better formatted

Before

Acquisitions and disposals in 2009

GMTV
On 26 November 2009, the Group acquired the remaining 25% interest in the shares of GMTV Limited, the national breakfast time channel 3 licensee, taking its total percentage of shareholding to 100%. The results of this entity have always been disclosed within the consolidated income statement of the Group at 100% with an adjustment made to reflect the previous non-controlling interest's share. The impact of the acquisition of the remaining non-controlling interest is reflected in the consolidated statement of changes in equity.

The fair value of the consideration paid is £23 million. The non-controlling interest reserve of £8 million was debited on acquisition with the excess of consideration over the identifiable net assets acquired of £15 million debited to retained losses in accordance with IAS 27.

After

Talpa Media B.V.
On 30 April 2015 the Group acquired a 100% controlling interest in Talpa Media B.V. and its subsidiaries.

Key terms:
Cash consideration of £362 million (€500 million) was paid at acquisition and the maximum total consideration for 100% of the business, including the initial payment, was £796 million (€1,100 million, undiscounted). All future payments are performance based.

The deal structure allows for a further £434 million (€600 million) payable after two, five and eight years, on the achievement of stretching performance targets for the business in the years following acquisition. For these amounts to be payable in the future, the deal requires the seller to remain with the business during the earnout period. Further, if the seller leaves within the first two years following acquisition, €150 million of the initial consideration would be

Talpa Media B.V. acquisition accounting:
Intangibles, being the value placed on formats, brands, customer contracts, non-compete arrangements and libraries, of £276 million (€382 million) were identified and goodwill was valued at £41 million (€57 million). Goodwill represents the value placed on the opportunity to diversify and grow the content and formats produced by the Group. The goodwill arising on acquisition is not expected to be deductible for tax purposes. Other fair value adjustments have been made to the opening balance sheet, though none of them are individually significant.

In order to make the information provided in the financial statements easier to understand and also to avoid duplication, the company increased the use of cross-references for information provided within the financial statements to other sections of the financial statements or to other sections of the annual report. The following excerpts from the 2016 financial statements illustrate some of the cases where cross-references have been used:

Free of duplication

The increase in the year is due to investment in New Form, a digital producer-broadcaster, and increased investment in ITV Tomorrow Studios, a scripted studio launched in 2014. Further smaller investments have been made in line with Group's strategy to grow the international content business.

Please refer to page 184 for the list of principal investments held at 31 December 2016.

Cash and cash equivalents

Included within cash equivalents is £4 million (2015: £10 million), the use of which is restricted to meeting finance lease commitments under programme sale and leasebacks (see note 4.2). During 2016 gilts of £39 million (2015: £39 million) were reclassified to other pension assets. This was as a result of the outcome of legal action attempting to remove the charging deed executed on these gilts in respect of the unfunded pension commitments of four former Granada executives. Refer to note 3.7 for further details.

In addition, the company has redrafted the disclosures in the notes using simpler language and better formatting. For example, in 2016, the company redrafted the note on interest rate risk by breaking up that narrative into shorter sentences, and by separately providing information about different types of hedging relationships and interest rate derivatives using clear subheadings.

Simple and direct

Enhanced comparability

Before

25 Derivative financial instruments

The following table shows the fair value of derivative financial instruments analysed by type of contract.

	2009	2008
Current portion:		
Interest rate swaps – fair value through profit or loss		
Forward foreign exchange contracts – cash flow hedges		
Forward foreign exchange contracts – fair value through profit or loss		
Non-current portion:		
Interest rate swaps – fair value through profit or loss		
Forward foreign exchange contracts – cash flow hedges		
Forward foreign exchange contracts – fair value through profit or loss		

Interest rate swap assets as at 31 December 2009 include £120 million of cross
Eurobond and the €188 million 2014 Eurobond (see note 22).

The remaining £34 million of assets relates to a number of floating rate swa
£250 million bond. Under this swap ITV receives 6.125% (to match the original b
the three-month sterling LIBOR capped at 5.25% for rates between 5.25% and 8
2015 £425 million bond. Under this swap ITV receives 5.375% (to match the bon
ITV has other swaps totalling £162.5 million matched against part of the 2015 £
the bond coupon) and pays a weighted average of three-month sterling LIBOR

Interest rate swap liabilities of £33 million as at 31 December 2009 relate to
maturity of October 2015 under which it receives three-month sterling LIBOR ar
a £162.5 million swap with a maturity of October 2015 under which it receives s
sterling LIBOR minus 0.2% or six-month US$ LIBOR minus 1.0%, set in arrears or i
of January 2017 under which it receives three-month sterling LIBOR and pays 4

All forward foreign exchange contracts hedge underlying currency exposure
as cash flow hedges related to contractual payments for sport and other progra
at 31 December 2008 matured during 2009.

After

What is the value of our derivative financial instruments?

The following table shows the fair value of derivative financial instruments analysed by type of contract. Interest rate swap fair values exclude accrued interest.

At 31 December 2016	Assets £m	Liabilities £m
Current		
Foreign exchange forward contracts and swaps – cash flow hedges	6	(1)
Foreign exchange forward contracts and swaps – fair value through profit or loss	2	(2)
Non-current		
Cross currency interest swaps – cash flow hedges	–	(6)
Foreign exchange forward contracts and swaps – cash flow hedges	1	(3)
	9	(12)

At 31 December 2015	Assets £m	Liabilities £m
Current		
Foreign exchange forward contracts and swaps – cash flow hedges	–	(4)
Foreign exchange forward contracts and swaps – fair value through profit or loss	1	(1)
Non-current		
Interest rate swaps – fair value through profit or loss	8	(6)
	9	(11)

Cash flow hedges

The Group applies hedge accounting for certain foreign currency firm commitments and highly probably cash flows where the underlying cash flows are payable within the next two to seven years. In order to fix the sterling cash outflows associated with the commitments and interest payments – which are mainly denominated in AUD or euros – the Group has taken out forward foreign exchange contracts and cross currency interest swaps for the same foreign currency amount and maturity date as the expected foreign currency outflow.

The amount recognised in other comprehensive income during the period all relates to the effective portion of the revaluation loss associated with these contracts. There was less than £1 million (2015: £1 million) ineffectiveness taken to the income statement and £5 million cumulative gain (2015: £6 million loss) recycled to the income statement in the year.

On issuing the 2023 Eurobond, the Group entered into a portfolio of cross-currency interest rate swaps, which swapped the euro principal and fixed rate coupons into sterling. As a result the Group makes sterling interest payments at a fixed rate.

Net investment hedges

The Group uses euro denominated debt to partially hedge against the change in the sterling value of its euro denominated net assets due to movements in foreign exchange rates. The fair value of debt in a net investment hedge was £168 million (2015: £141 million). A foreign exchange loss of £21 million (2015: £2 million) relating to the net investment hedges has been netted off within exchange differences on translation of foreign operations as presented on the consolidated statement of comprehensive income.

Case study 4—ITV plc *continued*

As part of its redrafting efforts, ITV included question-and-answer narratives in its notes, which has contributed to making ITV's disclosures more reader-friendly and interactive.

Simple and direct

What are the Group's pension schemes?
There are two types of pension schemes. A 'Defined Contribution' scheme that is open to ITV employees, and a number of 'Defined Benefit' schemes that have been closed to new members since 2006 and will close to future accrual in 2017. In 2016 on acquisition of UTV Limited the Group took over the UTV Defined Benefit Scheme.

What is a Defined Contribution scheme?
The 'Defined Contribution' scheme is where the Group makes fixed payments into a separate fund on behalf of those employees that have elected to participate in saving for their retirement. ITV has no further obligation to the participating

Key benefits, reactions and challenges

Stakeholders have provided positive feedback to ITV on the changes. In particular, they mention that the new structure and content of the notes, as well as their simpler language, have made the financial statements easier to understand. When it comes to disclosing information about complex transactions, or dealing with complex financial instruments, such as the longevity swaps used in their pension scheme, disclosures provided by other companies with similar transactions or financial instruments have helped ITV fine-tune its disclosures.

Our focus when preparing the financials is to ensure that our disclosures are linked to our business strategy and we have given relevant information on the significant events that have occurred during the year, presented and written in a way that all our stakeholders can easily understand.

ITV's auditors have supported the company's efforts to simplify the way relevant information is communicated in its financial statements. The auditors have also worked with the company when it has attempted to reduce lengthy narratives in specific areas that contained immaterial information, while maintaining compliance with disclosure requirements that resulted in relevant information. ITV describes the dialogue between the company and its auditors as an important part of the process, as such discussions help to create better ways to present information.

Areas of success and lessons learnt

ITV believes that its multidisciplinary team has been successful in making the financial statements simpler for the benefit of stakeholders without losing critical information. The company believes that planning the preparation of the financial statements well in advance of the year-end reporting tasks makes the whole process of improving the effectiveness of disclosures a less resource-intensive exercise. Constant collaboration with the company's external auditors has also improved progression and review of the changes in disclosures in the financial statements. The company believes that continuous simplification has contributed to making its financial statements a document that stakeholders find easier to relate to, and that changes to disclosures will continue to be made, as there are still areas for improvement.

What next?

The company is planning to continue its efforts in making the annual report more user-friendly and interactive. It also hopes to extend its efforts in streamlining disclosures to other parts of the annual report, such as the remuneration report.

Case study 5—Orange S.A.

Orange S.A. is a French multinational company that provides telecommunication and data services to customers in 29 countries. The company is listed on the Paris stock exchange (Euronext Paris) as well as on the New York Stock Exchange.

A change towards greater transparency

In the early 2000s, Orange acquired some companies with substantial refinancing needs. During this acquisitive phase, senior managers increased transparency and tailored the published financial report to provide investors with a better understanding of senior management's strategic decision-making.

Orange's focus on transparency in financial reporting remains unchanged. The company has found that providing greater insight into its business strategy and how this affects its financial statements enables investors to better understand Orange's financial position and performance.

We hope to achieve greater transparency through linking the accounting to the way we do business in real life.

The process

The journey towards communicating more effectively in the company's financial statements began by senior managers setting up internal processes and governance bodies to oversee the process for the preparation of the financial statements. For example, from 2002 to 2003, the company set up oversight committees on litigation, tax, disclosure and audit to enhance the transparency of the company's financial reporting in these areas.

The senior managers tasked staff from the company's group consolidation and investor-relations teams to develop innovative ideas on how to better communicate information in the notes. The staff first asked analysts and investors for their assessment of the quality of the information provided in the financial statements, as well as for any suggestions they might have had.

Orange also studied innovations other companies had made to disclosures in their financial statements. The staff followed some of the discussions taking place within the financial reporting community on effective communication and has kept up with ideas initiated by standard-setters and regulators.

Orange completed its initial changes to the financial statements in 2011. To assess their effectiveness, the company surveyed investors' views about the notes to its 2013 financial statements to:

- understand whether they provided adequate information to investors (for example, did the company provide the right amount of detail in the segment reporting note?);
- gather investors' feedback on structural changes to the notes (for example, the company relocated information on accounting policies into related notes); and
- collect suggestions for improvements.

The investors who responded to the survey endorsed most of the changes to the company's financial statements and confirmed that they had seen an improvement in the usefulness of the information provided. They also stated that the overall readability and clarity of the financial statements had improved.

Case study 5—Orange S.A. *continued*

Communicating information relevant to investors

The company's changes in the way it communicated focused on information that matters most to investors. At times, that focus prompted the company to provide more detail in the notes; at other times the company removed detail investors considered unhelpful.

For example, investors and analysts reported that segment information was one of the most useful types of information. Because of this, Orange chose to provide these disclosures at the beginning of the notes section in the financial statements and to increase the detail provided. These disclosures provide investors and analysts with segment information for most line items presented in the statements of financial position and financial performance.

The company also stopped providing performance measures that investors did not find useful. Orange reconciled the performance measures it continued to include to the most directly comparable measures specified in IFRS Standards.

Recommendations from regulatory authorities in Europe and North America have also influenced the amount of detail Orange includes in its financial statements. For example, in 2013, in response to recommendations from regulators, the company provided more detail about goodwill and fixed asset impairment, explaining key assumptions used and providing sensitivity analyses. In other cases, recommendations from regulators helped reduce excessively detailed information.

Entity-specific

Before

6.4 Sensitivity of recoverable amounts

At the end of 2011, the analysis of recoverable amounts for the main entities led to test of their sensitivity to the main assumptions:

- for France, the Enterprise Segment and Belgium, which respectively account for some 50%, 8% and 5% of the estimated recoverable amount for the consolidated entities, France Telecom's share in TP). Likewise, a change of plus or minus 0.50% in the perpetual growth rate would increase or decrease the recoverable amount by 300 to 400 million euros (150 to 200 million euros for France Telecom's share in TP). Lastly, a 10% increase or decrease in cash flows after the fifth year would increase or decrease the recoverable amount by some 600 million euros (300 million euros for France Telecom's share in TP);

After

7.4 Sensitivity of recoverable amounts

Because of the correlation between operating cash flow and investment capacity, sensitivity of net cash flow is used. Cash flow for the terminal year forming a significant port of the recoverable amount, of which a change of plus or minus 10% is presented in the sensitivity analysis.

December 31, 2016

(in billions of euros)	France	Spain	Poland	Belgium	Romania	Egypt	Enterprise
100% margin of the recoverable amount over the carrying value tested	16.2	3.8	0.0	0.8	0.0	0.0	3.5
100% effect on the recoverable amount of:							
a variation of 10% in cash flow of terminal year	4.1	1.2	0.4	0.2	0.2	0.1	0.3
a decrease by 1% in perpetuity growth rate	7.0	1.9	0.3	0.3	0.2	0.1	0.4
an increase by 1% in post-tax discount rate	7.9	2.2	0.4	0.3	0.3	0.1	0.5

Linking notes to improve readability

Before 2011, Orange presented the notes to the financial statements in the same order as the related line items in the primary financial statements. After 2011, the company started grouping related notes together. The company noted that grouping related notes resulted in a more concise presentation of the information, which facilitated its accessibility and understandability. For example, in 2015, the company started grouping information on property, plant and equipment; intangible assets other than goodwill; impairment; and gains and losses on disposal of assets within the same set of notes titled ‘Other intangible assets and property, plant and equipment’ (Note 8). The company had previously located information on these items in individual notes within the financial statements. Grouping related notes reduced the length of each note and decreased the number of notes from 35 in 2010 to 19 in 2016.

Before

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Better organised

Entity-specific

Better linked

After

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From 2015, Orange located the description of each accounting policy in the same note as the information to which it related. Before 2015, the descriptions of the accounting policies were disclosed as a single note to the financial statements.

At the same time, Orange redrafted these accounting policy descriptions to highlight judgements and estimates used when applying those accounting policies. The following excerpts from the 2010 and 2016 financial statements illustrate the new structure of the notes:

Better linked

Simple and direct

Better organised

Before

5.1 External purchases

External purchases comprise:

- commercial expenses and purchases of content rights, which include purchases of handsets and other products sold, retail fees and commissions, advertising, promotional, sponsoring and rebranding costs, as well as purchases and service fees paid to content editors;
- service fees and inter-operator costs;
- other network expenses, which include outsourcing fees relating to technical operation and maintenance, and IT expenses;
- other external purchases, which include overheads, real estate fees, purchases of other services and service fees, purchases of equipment and other supplies held in inventory, call center outsourcing fees and other external services, net of capitalized goods and services produced.

(in millions of euros)	2010	2009	2008
Commercial expenses and purchases of content rights	(7,199)	(6,628)	(6,835)
o/w advertising, promotional, sponsoring and rebranding costs	*(1,036)*	*(945)*	*(1,073)*
o/w purchases of content rights	*(529)*	*(554)*	*(382)*
Service fees and inter-operator costs	(6,046)	(6,033)	(6,395)
Other network expenses, IT expenses	(2,726)	(2,599)	(2,699)
Other external purchases	(3,404)	(3,488)	(3,582)
o/w rental expenses	*(1,162)*	*(1,099)*	*(1,062)*
TOTAL EXTERNAL PURCHASES	**(19,375)**	**(18,748)**	**(19,511)**

After

5.1 External purchases

(in millions of euros)	2016	2015	2014
Commercial expenses and content rights	(6,800)	(6,549)	(6,499)
o/w costs of terminals and other equipment sold	*(3,970)*	*(3,920)*	*(3,840)*
o/w advertising, promotional, sponsoring and rebranding costs	*(894)*	*(850)*	*(840)*
Service fees and inter-operator costs	(5,459)	(5,228)	(4,743)
Other network expenses, IT expenses	(2,999)	(2,871)	(2,830)
Other external purchases	(3,023)	(3,049)	(3,179)
o/w rental expenses	*(1,156)*	*(1,163)*	*(1,157)*
Total	**(18,281)**	**(17,697)**	**(17,251)**

Accounting policies

Firm purchase commitments are disclosed as unrecognized contractual commitments.

Subscriber acquisition and retention costs, other than loyalty programs costs, are recognized as an expense in the period in which they are incurred, that is to say on acquisition or renewal. In certain cases, contractual clauses with distributors provide for incentives based on the revenues generated and received: these incentives are recorded as expenses upon recognition of these revenues.

Advertising, promotion, sponsoring, communication and brand marketing costs are recorded as expenses during the period in which they are incurred.

Onerous contracts: during the course of a contract, when the economic circumstances that prevailed at inception change, some commitments towards the suppliers may become onerous, i.e. the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it: this may be the case with leases that include surplus space following space release due to technological or staffing changes. The onerous criteria are accounted for when the entity implements a detailed plan to reduce its commitments.

Orange also started providing more detail about transactions and balances that investors use in their analyses. For example, in 2010, the information on trade payables was limited to a single line item in the breakdown provided in the financial liabilities note. Each year since then, the company increased the detail in that note—until 2016 when the company provided a roll-forward of the trade payables balance.

This change created a clearer link between the trade payables balance and the statement of cash flows to facilitate investors' analysis of the company's working capital. In addition, increased attention of regulators and local laws concerning suppliers' payment terms and conditions also contributed to the decision to increase the level of detail in this area. The following excerpts from the 2010 and 2016 financial statements illustrate this change:

Before

Entity-specific

21.1 Financial liabilities

In the statement of financial position, the different categories of financial liabilities are shown under the following headings:

	December 31, 2010			December 31, 2009			December 31, 2008		
(in millions of euros)	Non-current	Current	Total	Non-current	Current	Total	Non-current	Current	Total
Financial liabilities at amortized cost	31,397	4,525	35,922	30,321	6,230	36,551	31,192	8,152	39,344
Deposits received from customers	220	-	220	181	-	181	134	-	134
Total financial liabilities at amortized cost, excluding trade payables	**31,617**	**4,525**	**36,142**	**30,502**	**6,230**	**36,732**	**31,326**	**8,152**	**39,478**
Trade payables	**466**	**8,274**	**8,740**	**411**	**7,531**	**7,942**	**428**	**9,279**	**9,707**
Total financial liabilities at amortized cost	32,083	12,799	44,882	30,913	13,761	44,674	31,754	17,431	49,185
Financial liabilities at fair value through profit or loss	**2,175**	**366**	**2,541**	**614**	**73**	**687**	**495**	**913**	**1,408**
Hedging derivatives liabilities (1)	**250**	**18**	**268**	**693**	**1**	**694**	**650**	**2**	**652**
Total financial liabilities	34,508	13,183	47,691	32,220	13,835	46,055	32,899	18,346	51,245

After

5.6 Trade payables

(in millions of euros)	2016	2015
Trade payables in the opening balance	**6,227**	**5,775**
Business related variations	80	86
Changes in the scope of consolidation (1)	134	272
Translation adjustment (2)	(116)	29
Reclassifications and other items (3)	(114)	65
Reclassification to assets held for sale	-	-
Trade payables in the closing balance	**6,211**	**6,227**
o/w trade payables from telecom activities	6,165	6,227
o/w trade payables from bank activities	46	-

(1) Mainly Burkina Faso in 2016 and Jazztel and Médi Telecom in 2015.
(2) In 2016, the changes in currency translation adjustment are essentially related to the effect of the devaluation in the egyptian currency.
(3) Mainly Médi Telecom in 2016.

Orange also decided to improve the clarity of some data-intensive disclosures that investors had struggled to understand. For example, in 2016, Orange replaced a narrative description of its dividends with a table.

Better formatted

Enhanced comparablility

Before

20.4 Dividends

At its meeting of July 28, 2010, the Board of Directors decided to distribute an interim cash dividend of 0.60 euro per share in respect of 2010. This interim dividend was paid on September 2, 2010 for a total amount of 1,589 million euros.

The France Telecom Shareholders' Meeting held on June 9, 2010 decided the distribution of a dividend of 1.40 euro per share in respect of 2009. Given the interim dividend of 0.60 euro per share, which was paid out on September 2, 2009 for a total of 1,588 million euros, the distribution on June 17, 2010, amounted to 0.80 euro per share, for a total of 2,117 million euros.

The France Telecom Shareholders' Meeting held on May 26, 2009 had decided the distribution of a dividend of 1.40 euro per share in respect of 2008. Given the interim dividend of 0.60 euro per share, which was paid out on September 11, 2008 for a total of 1,563 million euros, the distribution on June 30, 2009, amounted to 0.80 euro per share, for a total of 2,091 million euros. This payment was made in cash for 1,553 million euros and in France Telecom shares for 538 million euros, since shareholders had the option to receive payment of 50% of the balance of the dividend, i.e. 0.40 euro per share, in France Telecom shares.

The France Telecom Shareholders' Meeting held on May 27, 2008 had decided the distribution of a cash dividend of 1.30 euro per share in respect of 2007. The dividend was paid

After

13.3 Dividends

Full Year	Approved by	Description	Dividend per share (in euro)	Payout date	How paid	Total (in millions of euros)
2016	Board of Directors Meeting on July 25, 2016	2016 interim dividend	0.20	December 7, 2016	Cash	532
	Shareholders' Meeting on June 7, 2016	Balance for 2015	0.40	June 23, 2016	Cash	1,064
		Total dividends paid in 2016				**1,596**
2015	Board of Directors Meeting on July 27, 2015	2015 interim dividend	0.20	December 9, 2015	Cash	530
	Shareholders' Meeting on May 27, 2015	Balance for 2014	0.40	June 10, 2015	Cash	1,059
		Total dividends paid in 2015				**1,589**
2014	Board of Directors Meeting on July 28, 2014	2014 interim dividend	0.20	December 9, 2014	Cash	529
	Shareholders' Meeting on May 27, 2014	Balance for 2013	0.50	June 5, 2014	Cash	1,317
		Total dividends paid in 2014				**1,846**

Orange has also attempted to highlight relationships between information and avoid duplication by using cross-referencing. The following excerpt from the 2016 financial statements illustrates this approach:

Free of duplication

Analysis of net financial debt by entity

(in millions of euros)	December 31, 2016	December 31, 2015	December 31, 2014
Orange SA	23,154	24,617	23,798
Orange Egypt (1)	309	862	919
Orange Espagne (2)	169	511	553
FT IMMO H	536	496	546
Médi Telecom	423	436	-
Securitization (Orange SA)	-	-	494
Other	(147)	(370)	(220)
Net financial debt	**24,444**	**26,552**	**26,090**

(1) Change during 2016 mainly due to the devaluation of the Egyptian pound, currency in which Orange Egypt bank loans are denominated (please refer to Note 11.6).
(2) Change during 2016 mainly due to the reimbursement of financing obtained from European Investment Bank (please refer to Note 11.6).

Lessons learnt

The company faced challenges in improving disclosures, including:

- maintaining the comparability of the information over several years of changes. Orange had to make sure that investors understood the changes taking place and could compare information across periods where disclosures had changed in terms of both structure and content.
- ensuring consistency and cohesiveness in the information disclosed in the consolidated financial statements, the listed sub-groups' financial statements and the parent company's separate financial statements, while making appropriate judgements about which information was material.
- supporting the proposed changes in disclosures by highlighting the judgement process that was applied. The staff presented the proposed changes to senior management and the auditors by contrasting the existing disclosures with those proposed, so that they would more easily understand the judgements involved in the process.

Orange believes that careful consideration must be given to the additional investment in time it takes to change the way financial information is communicated. For example, changes in the drafting of current-period disclosures may mean that companies may have to change the way prior-period information is disclosed to maintain comparability. This process could put pressure on the preparation of the year-end financial statements.

This process also requires the development of staff skills. Drafting disclosures in a simpler and more concise manner can be time-consuming. The restructuring of information also requires additional supervision from senior staff.

This process is inherently a trial and error exercise. You have to be brave and accept that in certain instances you may make mistakes; what matters is aiming to continuously improve.

Key benefits and reactions

Changes in questions posed by investors demonstrate the benefits of the changes in Orange's financial statements. Before the company restructured the way it communicated information, investors mainly asked: 'Where do I find information in the financial statements?' Now investors mostly query the company's business strategy and the industry's evolution.

The local regulator took notice of the company's changes and featured Orange as an example of a company that had made improvements to the relevance, consistency and readability of its financial statements.

The changes in communication have also influenced the attitude of non-accounting staff towards the financial statements. Departments with no direct role in financial reporting, now quote or refer to the company's financial statements in their own reports.

Orange believes that such changes in the attitude of investors and internal stakeholders show that, by improving the structure of its financial statements, the company has communicated more effectively with a wider audience.

What next?

For Orange, the changes in the way it structures information in the notes has made the financial statements clearer, more concise and easier to read. Orange plans to apply the principles learnt in streamlining the financial statements to other parts of the annual report. To understand how well its financial statements convey information and what other improvements can be undertaken, the company plans to survey investors again in 2019.

Case study 6—Pandora A/S

Pandora A/S is an international jewellery manufacturer and retailer with products sold in more than 100 countries. The company is listed on the NASDAQ OMX Copenhagen Stock Exchange and its securities form part of the OMX Copenhagen 20 Index.

Accessing the capital markets triggered change in communication

Founded in 1982, Pandora has grown rapidly. In 2010, the company completed its initial public offering (IPO). This change in its financing structure had a direct impact on its financial reporting. From its foundation until the IPO, the company viewed financial reporting as a compliance exercise. After the IPO, Pandora changed its business model from that of a manufacturer-wholesaler to that of manufacturer-retailer. The changes in the business model prompted senior managers to redraft the notes so that they better reflected the company's venture into the retail market. Pandora started viewing its financial statements not just as a compliance document but also as a tool for communicating with its investors.

A collaborative process

Staff members from the corporate social responsibility, communications, accounting and investor-relations departments worked closely together in order to plan the best way to make changes across different sections of the annual report including the financial statements.

The journey towards improving communication in the financial statements is a collaborative effort that needs the contribution of all the departments that play a role in the preparation of the financial statements within an organisation.

These changes aimed to address some of the investors' needs identified by the investors-relations team when analysing feedback from institutional investors and the comments other investors made during the company's annual general meetings.

Other changes to disclosures arise on a continuous basis as part of Pandora's internal processes. For example, after the year-end annual report is published, Pandora performs a review to help senior managers identify what processes worked well and what needs enhancing in preparation for the next year's financial reporting package. Any suggested changes in the disclosures arising from this exercise are reviewed by Pandora's senior managers and audit committee.

The following paragraphs describe the main changes to the information disclosed in Pandora's financial statements during the last few years.

Restructuring the notes

In 2013, the company started grouping the notes to the financial statements into five sections: 'Basis of reporting', 'Results for the year', 'Invested capital and working capital items', 'Capital structure and net financials' and 'Other disclosures'. Pandora says this reorganisation helps stakeholders to understand the structure and location of the information in the financial statements. The excerpts from the 2012 and 2016 financial statements illustrate this change:

Entity-specific

Better organised

Better linked

Before

47 NOTE 1. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

49 NOTE 2. OPERATING SEGMENT INFORM

51 NOTE 3. BUSINESS COMBINATIONS

54 NOTE 4. PURCHASE OF NON-CONTR

54 NOTE 5. AMORTISATION/DEPRECIATI IMPAIRMENT LOSSES

55 NOTE 6. EMPLOYEE BENEFIT EXPENSE

57 NOTE 7. SHARE-BASED PAYMENTS

58 NOTE 8. DEVELOPMENT COSTS

58 NOTE 9. FEES TO THE AUDITORS APPO COMPANY AT THE GENERAL MEETIN

59 NOTE 10. FINANCIAL INCOME

After

Section 1: Basis of reporting, p. 79

1.1 Basis of reporting, p. 79

Section 2: Results for the year, p. 82

2.1 Revenue, p. 83

2.2 Segment information, p. 84

2.3 Staff costs, p. 86

2.4 Share-based payments, p. 87

2.5 Taxation, p. 90

Section 3: Invested capital and working capital items, p. 92

3.1 Intangible assets, p. 93

Section 4: Capital structure and net financials, p. 102

4.1 Share capital, p. 103

4.2 Earnings per share and dividend, p. 104

4.3 Net interest-bearing debt, p. 104

4.4 Financial risks, p. 105

4.5 Derivative financial instruments, p. 108

4.6 Net financials, p. 109

4.7 Other non-cash adjustments, p. 109

Section 5: Other disclosures, p. 110

5.1 Business combinations, p. 111

The content of the disclosures in these sections is aligned to the information provided in other parts of the annual report. For example, the section entitled 'Invested capital and working capital items' relates directly to the management discussion on working capital in the 'financial review' part of the annual report.

In addition, each section is introduced by a page that sets out key performance measures, significant transactions and balances for that section.

Better linked

Simple and direct

SECTION 3

INVESTED CAPITAL AND WORKING CAPITAL ITEMS

The notes in this section describe the assets that form the basis for the activities of PANDORA and the related liabilities.

Around 60% of invested capital is made up of intangible assets, the value of which remains unchanged as both the PANDORA brand and free cash flow continue to grow.

Additions to invested capital in 2016 included acquisitions described in note 5.1 for a total consideration of DKK 188 million.

Operating working capital at the end of 2016 was 13.7% of revenue, compared with 14.3% at the end of 2015.

Financial risks are described in note 4.4.

Case study 6—Pandora A/S *continued*

Communicating relevant information in a concise and clear manner

Pandora believes that a series of minor changes across the notes has significantly improved the communication of information in its financial statements. The following changes were intended to improve the clarity and readability of the financial statements.

The company took steps to identify and remove stand-alone notes that did not provide material information. For example, Pandora used to disclose information on its development costs in its consolidated income statement as a separate note. In 2013, the company decided to remove that note from its financial statements because the related information was deemed to be immaterial.

Pandora also relocated information about its significant accounting policies, judgements and estimates into the relevant notes. The excerpts from the 2011 and 2016 financial statements showing the note on trade receivables illustrate this change.

Before

NOTE 19. TRADE RECEIVABLES

Trade receivables at 31 December 2011 include receivables at a nominal value of DKK 925 million (2010: DKK 849 million), which have been written down to DKK 900 million (2010: DKK 834 million).

DKK million	2011	2010
Analysis of movements in provisions for impairment of trade receivables:		
At 1 January	15	5
Utilised	-4	-1
Unused amounts reversed	-5	-2
Change for the year	19	13
At 31 December	**25**	**15**
Analysis of trade receivables that were past due, but not impaired, at 31 December:		
Until 30 days	257	234
Between 30 and 60 days	25	48
Between 60 and 90 days	31	20
Above 90 days	23	14
Past due, but not impaired	**336**	**316**
Neither past due nor impaired	564	518
Total	**900**	**834**

Historically, PANDORA has not encountered sig… trade receivables.

Entity-specific

Better linked

After

3.4 TRADE RECEIVABLES

DKK million	2016	2015
Analysis of trade receivables at 31 December		
Not past due	**1,394**	**1,033**
Up to 30 days	211	193
Between 30 and 60 days	41	85
Between 60 and 90 days	19	47
Over 90 days	8	2
Total past due, not impaired	**279**	**327**
Total trade receivables at 31 December	**1,673**	**1,360**
Analysis of movements in bad debt write-downs		
Write-downs at 1 January	24	23
Additions	50	10
Utilised	-3	-5
Unused amounts reversed	-22	-5
Exchange rate adjustments	-1	1
Write-downs at 31 December	**48**	**24**

PANDORAs customers comprise distributors, franchisees and consumers. While consumers pay cash, management monitors payment patterns of the other groups of customers and estimate the need for a write-down. Credit ratings of customers and market specific development are taken into account in order to assess the need for further impairment. Historically PANDORA has not suffered any significant losses.

§ Accounting policies

Trade receivables are initially recognised at fair value and subsequently at amortised cost using the effective interest rate method, less impairment. Any losses arising from write-down are recognised in the income statement as sales costs.

A write-down for bad or doubtful debts is made if there is any indication of impairment of a receivable or a portfolio of receivables. The write-down is calculated as the difference between the carrying amount and the present value of estimated future cash flows associated with the

The company started providing additional information where it would be useful to investors. For example, Pandora included a new note in its 2016 financial statements on the components of other non-cash adjustments presented in the statement of cash flows.

Entity-specific

4.7 OTHER NON-CASH ADJUSTMENTS

Other non-cash adjustments

DKK million	**2016**	**2015**
Other non-cash adjustments can be split into the following:		
Effects from exchange rate adjustments	58	-297
Effects from derivative financial instruments	182	-131
Other, including gains/losses from the sale of property, plant and equipment	1	-4
Total other non-cash adjustments	**241**	**-432**

Pandora made an effort to present information in a simpler and more comparable manner. The company acknowledges in the notes that some financial ratios and measures may be calculated differently by other companies. Hence, to help investors compare Pandora with other companies, the company has explained its calculation of financial ratios and other measures disclosed in the notes. In addition, to help investors make comparisons over time, the company has made efforts to classify, calculate and present these measures consistently across reporting periods.

Alternative performance measures
PANDORA presents financial measures in the Annual Report that are not defined according to IFRS. PANDORA believes these non-GAAP measures provide valuable information to investors and PANDORA's management when evaluating performance. Since other companies might calculate these differently from PANDORA, they may not be comparable to the measures used by other companies. These financial measures should therefore not be considered to be a replacement for measures defined under IFRS. For definitions of the performance measures used by PANDORA, refer to note 5.6.

Enhanced comparablility

5.6 FINANCIAL DEFINITIONS

Key figures and financial ratios stated in the consolidated financial statements have been calculated in accordance with the Danish Finance Society's guidelines 'Recommendations & Financial Ratios 2015':

Revenue growth, % $\dfrac{\text{(This year's revenue - last year's revenue)}}{\text{Last year's revenue}}$ (rolling 12 months)

Gross profit growth, % $\dfrac{\text{(This year's gross profit - last year's gross profit)}}{\text{Last year's gross profit}}$ (rolling 12 months)

Net profit growth, % $\dfrac{\text{(This year's net profit - last year's net profit)}}{\text{Last year's net profit}}$ (rolling 12 months)

Case study 6—Pandora A/S *continued*

The company also reconsidered the formatting of some of its notes. The excerpts from the 2016 financial statements show how Pandora redrafted a narrative about the financial risk arising from fluctuations in commodity prices and introduced a table and charts to help investors better understand the financial risk related to raw material prices.

Before

Risk related to raw material prices
PANDORA's raw material risk is the risk of fluctuating raw materials resulting in additional costs. The most important raw materials are gold and silver, which are priced in USD by suppliers.

It is the policy of PANDORA to ensure stable, predictable raw material prices. Based on a rolling 12-month production plan the policy is for Group Treasury to hedge 100% of the risk 1-3 months forward, 80% of the risk 4-6 months forward, 60% of the risk 7-9 months forward, and 40% of the risk 10-12 months forward. Any deviations from the policy must be approved by the CFO and the Audit Committee. Commodity hedging is updated at the end of each month or in connection with revised 12-month rolling production plans.

Better formatted

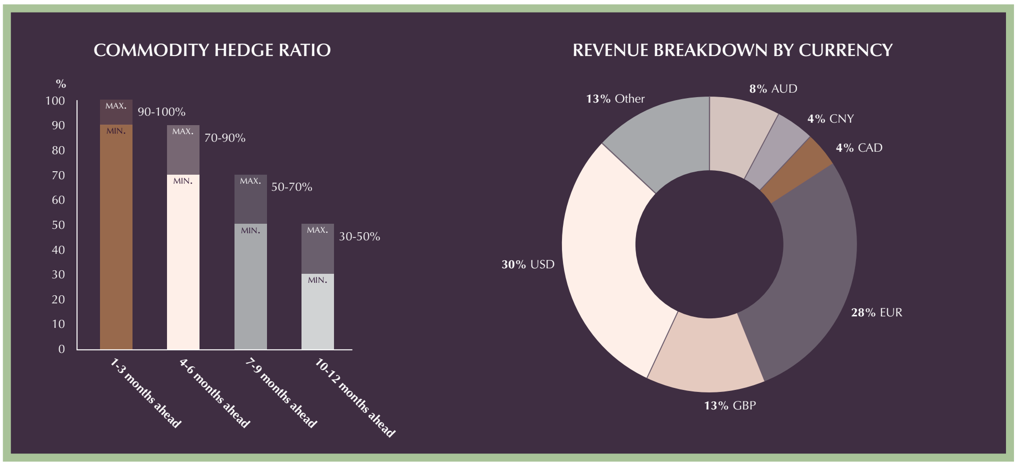
After

...deviate from the estimated hedge ratio. For the fair value of hedging instruments, see note 4.5.

Hedge ratio for the coming 12 months

Months ahead	Commodity	All major currencies
1-3	90-100%	90-100%
4-6	70-90%	70-90%
7-9	50-70%	50-70%
10-12	30-50%	30-50%

Better formatted



Pandora introduced symbols to signpost descriptions about accounting policies or significant accounting estimates in specific notes.

Simple and direct

Other provisions
Other provisions include provisions for defined pension plans, obligations to restore leased property as well as other legal and constructive obligations.

§ Accounting policies
Provisions are recognised when PANDORA has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation

! Significant accounting estimates
In most countries, PANDORA has provided return rights to customers. The provision is to a large extent based on historical return patterns, and changes in actual return patterns will therefore impact gross profit at the time of the return. Provisions are made on a case-by-case basis when PANDORA expects to take back specific goods for commercial reasons.

Key benefits, reactions and challenges

Pandora believes that its focus on improving communication has resulted in financial statements that are easier to navigate, read and review. This view is shared by the company's auditors, who suggested applying some of the changes adopted in the year-end financial statements to the quarterly financial statements.

Pandora acknowledges that changing the way it communicates information in its financial statements has not saved time. Introducing charts and redrafting notes using simpler language has instead increased the time dedicated to the preparation of the company's financial statements.

The company has attempted to create a link between the strategic direction of its business activities, as set out in the business strategy section of its annual report, and the information presented in the notes to the financial statements. The steady evolution of the company's business model means there is constant pressure to change the structure and content of the notes. Pandora has been careful, however, to introduce these changes at a pace that is manageable for its investors.

It is important that investors understand the changes made to the information disclosed in the financial statements.

Although initially financed by Danish investors, since its IPO the company has been of interest to international investors. In recent years, Pandora's considerable organic growth has ensured that the company continues to be attractive to them. As a result, being able to communicate effectively with a wider group of investors will remain the main focus for the company in the future.

Areas of success and lessons learnt

The company asserts that its willingness to accept and learn from mistakes made while trying to improve communication in its financial statements contributed positively to the final outcome. Pandora says that being sensitive and attentive to investors' informational needs has helped to ensure the success of the process.

What next?

Pandora remains committed to continuously refining its financial statements by incorporating feedback from investors and senior management. The company intends to review its financial statements to find and remove duplications and highlight relationships among related sets of information. Pandora also aims to establish a stronger link between the management discussion and analysis in the annual report with the narratives in the notes.

Pandora also plans to extend the lessons learnt from improving the financial statements to its corporate social responsibility report.

Important information

This report has been compiled by the staff of the IFRS Foundation. The descriptions and illustrations in this report do not constitute a best-practice guide or show the only way to improve communication in a company's financial statements. The Board is not endorsing the changes carried out by the companies surveyed in this report or endorsing how these companies have implemented IFRS Standards in their financial statements.

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Other relevant documents

Discussion Paper ***Disclosure Initiative—Principles of Disclosure***: This Discussion Paper describes, and seeks stakeholders' views about, disclosure issues identified by the Board and approaches to address these issues, including the Board's preliminary views. The Board also seeks views on additional disclosure issues to address in the Principles of Disclosure project.

Amendments to IAS 1 ***Presentation of Financial Statements***: The amendments issued in December 2014 clarify the requirements in IAS 1 for materiality, order of the notes, subtotals in the primary financial statements and disclosure of accounting policies.

IFRS Practice Statement 2 ***Making Materiality Judgements***: Non-mandatory guidance to help companies make judgements about whether information is material when preparing financial statements.

Discussion Forum—Financial Reporting Disclosure, Feedback Statement: This document summarises the feedback received at the Discussion Forum on disclosures held in 2013.

Notes

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