



IASB/FASB Meeting
Week commencing 18 July 2011
Slides for ICAS/NZICA education session
(Agenda item 9)

THE
INSTITUTE OF
CHARTERED
ACCOUNTANTS
OF SCOTLAND



Losing the excess baggage –

reducing disclosures in financial
statements to what's important



The challenge

- Review, individually and as a whole, the levels of disclosure requirements in existing IFRSs
- Recommend deletions and changes to those requirements
- Report by end June 2011



Existing IFRSs

In scope

IFRS 1, 2, 3, 5, 6, 7
and 8

IAS 1, 2, 7, 8, 10, 12,
16, 19, 20, 21, 23, 24,
29, 33, 36, 37, 38, 40
and 41

Out of range

IAS 26 and 34

IFRS 4 and 9
IAS 11, 17, 18, 27, 28
and 31
IAS 32 and 39



How to do it?

- Systematic, reasoned and logical manner, not “I don’t like this bit”
- 2010 Conceptual Framework for Financial Reporting
 - objective to provide financial information.....
 - relevant capable of making a difference in the decisions made by users



Doing it

- Using the Conceptual Framework
- 13 other matters
- Disclosures have built up standard by standard
- 'Top-down' lens



How radical should we be?

Disclosure
principles only

v

Principles and
key disclosure
requirements



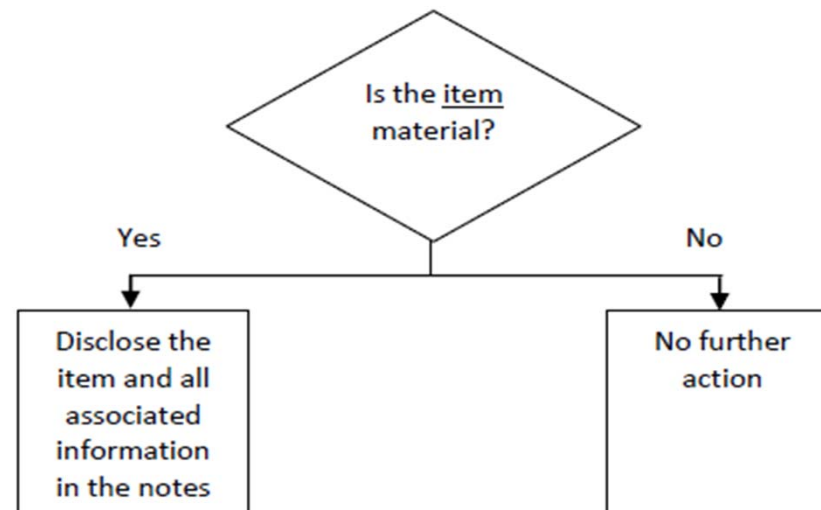
Major changes in the standards

- Add, where needed, the disclosure principle
- Propose specific deletions and changes
 - delete merely ‘encouraged’
 - replace many detailed reconciliations with a summary of material changes
 - option not to repeat summary of unchanged accounting policies but to give reference
 - emphasise materiality throughout



What's important?

- “Information is material if omitting it or misstating it could influence decisions that users make
.....”
- In practice



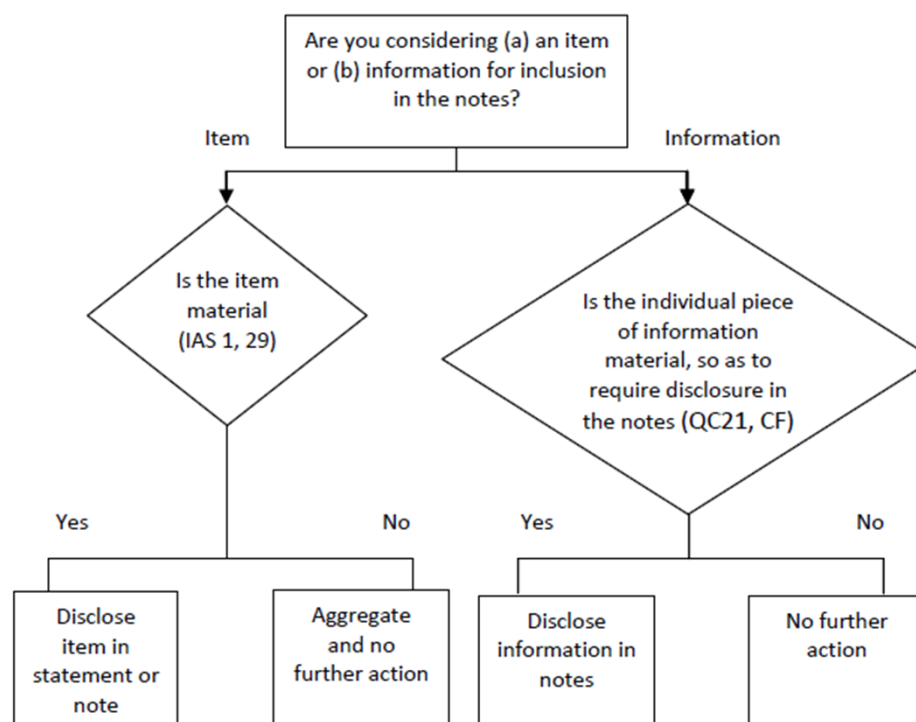


Using more wisely materiality

Material item

Material information

Not material





Applying materiality

- Using “material information” phrase more widely
- Not using “immaterial” but using “not material”
- We have not adopted something higher than the “material” test eg significant, key, major or really material



Potential impact

- Overall 30% reduction in pages
- 37% for the existing standards considered
- Clearly ballpark figures but material!



What's next?

- Not consulted publicly
- Invite IASB to do so
- Questions in the report
- Suggest also short web-based questionnaire