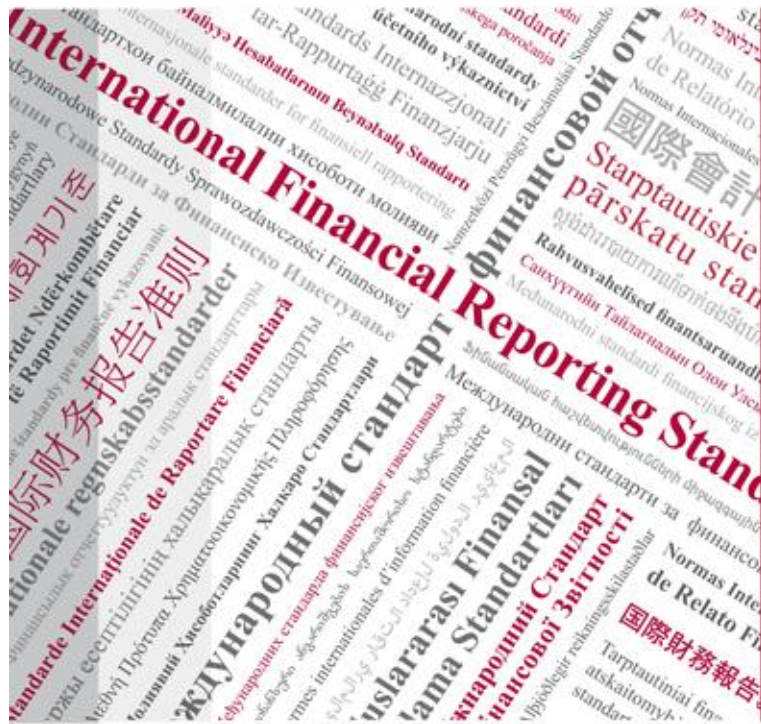


February 2013

International Financial Reporting Standards



Conceptual Framework: Feedback on survey and Discussion Forum

Agenda Paper 3I

Education Session—February 2013

The views expressed in this presentation are those of the presenter, not necessarily those of the IASB or IFRS Foundation.

Purpose

Agenda Consultation 2011

- 'Many respondents think that a **disclosure framework** is needed to ensure that information disclosed is more relevant to investors and to reduce the burden on preparers'

The IASB decided to host a Discussion Forum

- Explore opportunities to see how disclosures can be improved and simplified within the existing disclosure requirements
- Foster dialogue between preparers, auditors, regulators, users of financial statements and standard-setters
- Get a clearer picture of the 'disclosure problem' and its causes

Survey on disclosures launched

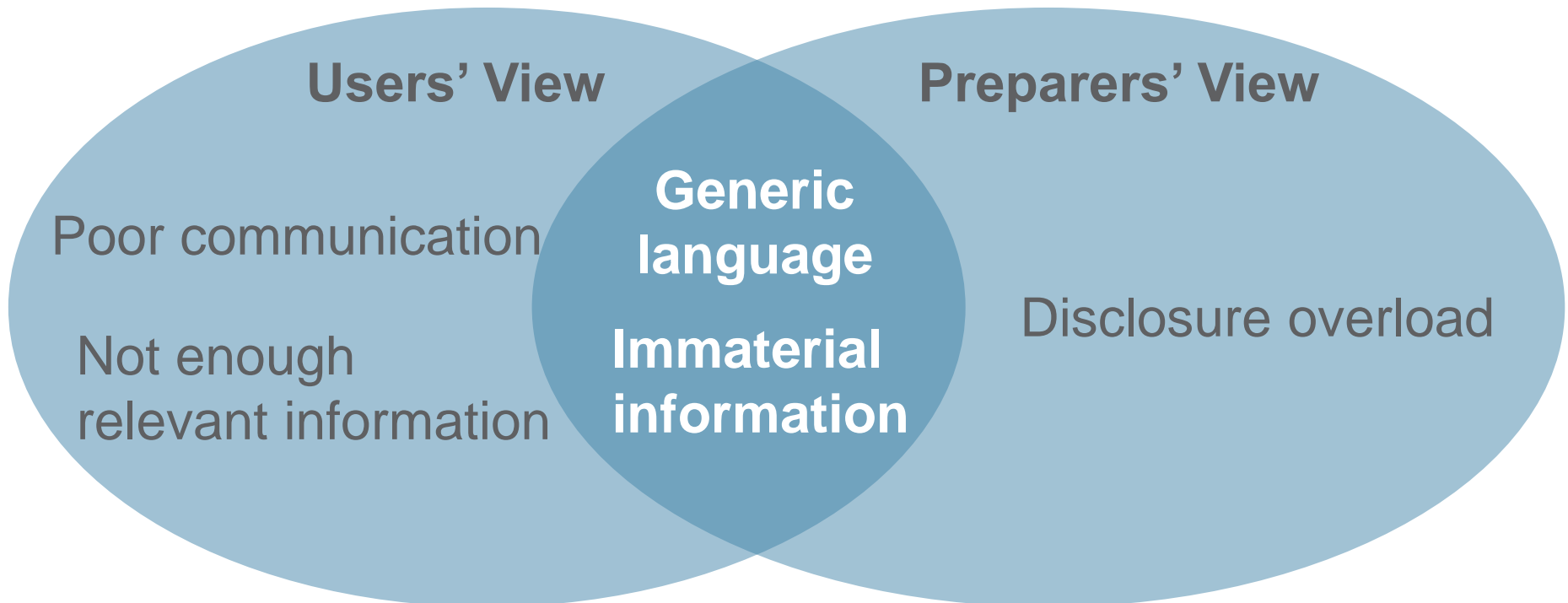
- In conjunction with the Discussion Forum
- To gain a clearer picture of the 'disclosure problem' in advance of the Discussion Forum

Survey preliminary analysis

- 225 responses to the survey
- Approximately
 - 50% preparers
 - 20% users
 - 30% other (includes regulators, auditors, industry organisations)
- Initial analysis focused on users and preparers
- There is a disclosure problem (over 80% agree)
- Preparers and users view the problem differently

Survey preliminary analysis

Preliminary Survey Results



- Held on 28 January 2013
- Over 120 external attendees at the Discussion Forum on disclosures, plus:
 - About 40 external people listened to the morning webcast
 - About 25 external people listened to the afternoon webcast
- A further 29 IASB members/staff attended

- No clear agreement on what the disclosure problem is
- Preparers and investors do agree that financial reports are an important **communication** tool.
 - Preparers want to tell a story and investors want to hear their story (**business model**)
 - There are impediments. The objectives of the IASB, the auditors and regulators are appropriate and beneficial, but there is a perception that:
 - Standards—compel, rather than guide
 - Auditors—compliance rather than communication
 - Regulators—compliance rather than communication

Discussion Forum—what we heard

- Materiality
 - Application in practice is a challenge
 - The IASB has a responsibility to provide more application guidance
 - Onus rests on the preparer to rebut a presumption that information should be disclosed
 - Linking back to the disclosure objective or the business model might help
- Better linkage is required
 - Linked information throughout report (context)
 - Policies, risks and the related financial information

Discussion Forum—what we heard

- Form matters
 - The order matters ... importance
 - The IASB should not constrain preparers
- Technology could help
 - Tension between conformance and comparability
- Scope of financial reporting
 - Integrated reporting
 - Country-by-country reporting

But ...

- There are some legal and institutional barriers
- The line of least resistance is to simply disclose
- The cost of a failure to disclose is high
- The incentives are not right ...

Feedback statement

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- Plan to publish a Feedback Statement on the survey and Discussion Forum at the end of March 2013.

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