

## International Financial Reporting Standards



# Conceptual Framework: Presentation and disclosure

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# Preview of questions

## Presentation

- Do you think that the distinction between profit or loss and OCI is useful? If so why?
- How would you define profit or loss and/or OCI?

## Disclosures

- How would you describe the boundary between financial statements and other financial reporting?
- What broad types/groups of disclosures would you expect to see in the notes to the financial statements?

## Presentation and disclosure section of the *Conceptual Framework* Discussion Paper

- IASB meetings:
  - January 2013 - education session
    - Analysis of current and proposed OCI items
  - March 2013 – discussion of first draft
- Given the papers for the March IASB meeting have not yet been finalised, this presentation will provide a high-level overview of what will be discussed.

## Overview of what will be covered

- Presentation overall
- Profit or loss and OCI
- Disclosures

## Overview of questions that will be asked

- Do you think that the distinction between profit or loss and OCI is useful?
- How would you define

- Meaning of terms
  - Presentation
  - Disclosure
- Financial reporting, financial statements, primary financial statements, notes
- Primary financial statements
  - Purpose of individual statements
  - Cohesiveness
  - Offsetting

- Starting point is that comprehensive income is presented in two sections or two statements reflecting:
  - Profit or loss and OCI
- Financial performance
  - All items in the statement of comprehensive income provide some information about financial performance
  - Propose not to define

# Profit or loss and OCI cont.

- Distinguish between profit or loss and OCI
  - Analysis of items currently presented in OCI
  - Develop distinguishing principles and broad concepts
- Bridging items
  - OCI acts as the “bridge” between a measurement basis in the balance sheet and a different basis in profit or loss
  - eg debt instruments designated under IFRS 9
- Mismatched remeasurements
  - OCI acts as a “holding area” for interrelated items of income/expense recognised in different periods
  - eg effective cash flow hedges

# Question 1

- (a) Do you think that the distinction between profit or loss and OCI is useful? Why?
- (b) If so, how would you define profit or loss and/or other comprehensive income?



- Objective of disclosures (notes)
- Boundary between financial statements and other financial reporting
  - Forward-looking information versus information about current and past conditions, transactions and events
  - Information about the entity and its (recognised and unrecognised):
    - Resources
    - Claims
    - Transactions and other changes in resources and claims
  - Relevant and a faithful representation (neutral)

- Types of disclosure may include:
  - Disaggregation
  - Methods and assumptions
  - Risk and business model
- Other issues
  - Materiality
    - unlikely to amend current Conceptual Framework guidance
    - work on materiality outside of this project may be considered

## Question 2

- (a) How would you describe the boundary between financial statements and other financial reporting?
- (b) Do you agree with the broad types of disclosures? If not, would you categorise them differently or add another type?

