

## STAFF PAPER

September 2013

## IASB Meeting

| Project     | Narrow focus amendments to IAS 1 |  |                      |
|-------------|----------------------------------|--|----------------------|
| Paper topic | Cover paper                      |  |                      |
| CONTACT(S)  | Kristy Robinson                  | <a href="mailto:krobinson@ifrs.org">krobinson@ifrs.org</a>   | +44 (0) 207 426 6933 |
|             | Amy Bannister                    | <a href="mailto:abannister@ifrs.org">abannister@ifrs.org</a> | +44 (0) 207 426 6947 |
|             | April Pitman                     | <a href="mailto:apitman@ifrs.org">apitman@ifrs.org</a>       | +44 (0) 207 426 6492 |
|             | Tiernan Ketchum                  | <a href="mailto:tketchum@ifrs.org">tketchum@ifrs.org</a>     | +44 (0) 207 426 6937 |

This paper has been prepared by the staff of the IFRS Foundation for discussion at a public meeting of the IASB and does not represent the views of the IASB or any individual member of the IASB. Comments on the application of IFRSs do not purport to set out acceptable or unacceptable application of IFRSs. Technical decisions are made in public and reported in IASB *Update*.

**Purpose of this meeting**

1. At this meeting, the IASB will consider the proposed narrow-focus amendments to IAS 1 *Presentation of Financial Statements*. Some of those amendments form part of the Disclosure Initiative and were summarised in the *Discussion Forum: Financial Reporting Disclosure* Feedback Statement. Others arose as submissions to the IFRS Interpretations Committee (the ‘Interpretations Committee’).
2. The Agenda Papers for the September meeting that discuss the proposed amendments are as follows:
  - (a) Agenda Paper 8A: Disclosure Initiative: an overview;
  - (b) Agenda Paper 8B: Disclosure Initiative: amendments to IAS 1;
  - (c) Agenda Paper 8C: Current/non-current classification of liabilities—summary of alternatives for possible development; and
  - (d) Agenda Paper 8D: Presentation of items of other comprehensive income arising from equity accounted investments.

## Interaction between the work of the Interpretations Committee and the Disclosure Initiative

3. Submissions to the Interpretations Committee and messages about disclosures received during the *Agenda Consultation 2011* and the *Discussion Forum: Financial Reporting Disclosure* (now forming part of the Disclosure Initiative) have resulted in the parallel development of proposals to make narrow-focus amendments to IAS 1.
4. Given that the timing of the proposed amendments to IAS 1 coincide, IASB staff think it makes sense to present those proposals to the IASB as a single package. To the extent that the IASB agrees with the staff proposals, the package of otherwise unrelated proposed amendments would be published as a single Exposure Draft, similar to an Annual Improvements document.
5. Similar to an Annual Improvements document, the publication of an Exposure Draft that contains the proposed narrow-focus amendments to IAS 1 would not be dependent on all of the staffs' proposals being approved and hence included. That is, the Exposure Draft would not be an 'all or nothing' document.
6. The proposed amendments to IAS 1 that the staff think could be exposed, subject to IASB agreement, as one Exposure Draft, are:
  - (a) Disclosure Initiative: amendments to IAS 1;
  - (b) disclosure requirements about an assessment of going concern ('going concern');
  - (c) current/non-current classification of liabilities ('current/non-current'); and
  - (d) presentation of items of other comprehensive income arising from equity accounted investments ('equity accounted investments')

## Disclosure Initiative: where we are

7. In its feedback on the *Agenda Consultation 2011*, the IASB responded to views 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’s response was:<sup>1</sup>

We agree that a disclosure framework would be beneficial for the IASB development of IFRS. We will be considering disclosure as part of the *Conceptual Framework* project. We are also holding a disclosure forum to foster discussion and to provide input for the framework project.

8. Therefore in May 2012, as part of the *Agenda Consultation 2011*, it was concluded and agreed that we would include work on the disclosure framework as part of the Conceptual Framework project. However, it has since become clear that the Conceptual Framework project would not address the issues identified in the *Agenda Consultation 2011*. We therefore moved the work on the disclosure framework into another project, the Disclosure Initiative.
9. It was also decided at the *Agenda Consultation 2011* to undertake the Discussion Forum on Financial Reporting Disclosure (the ‘Forum’). The Forum aimed to identify short-term initiatives for disclosure. The outcome of this Forum, together with the related survey undertaken in December 2012, was reported back to the IASB in February 2013. The IASB was also provided with the draft Feedback Statement on the Forum, which included the proposed next steps that the IASB would be asked to consider.
10. The Feedback Statement was published in May 2013 setting out the next steps that the IASB would be asked to consider in its initiative to improve disclosures. Those next steps are discussed in Agenda Paper 8A. The potential next steps identified were also presented to the Advisory Council in February 2013.
11. The output from the Forum and the survey, including possible next steps, has also been discussed with the Capital Markets Advisory Council (CMAC) and the Global Preparers Forum (GPF) in March 2013. Specific potential amendments were also discussed at the June 2013 joint CMAC/GPF meeting.

---

<sup>1</sup> Feedback Statement *Agenda Consultation 2011*, December 2012, page 21.

## **Next steps**

12. A draft timeline for the IAS 1 amendments is shown in the following table.

|                                    | Disclosure initiative   | Going concern  | Current/non-current   | Equity accounted investments  |
|------------------------------------|---|--|---|---|
| <b>September 2013 IASB meeting</b> | <ul style="list-style-type: none"> <li>Initial paper on some of the proposed amendments</li> </ul>  |  | <ul style="list-style-type: none"> <li>Initial paper describing alternative approaches</li> </ul> | <ul style="list-style-type: none"> <li>Paper on submission discussed by the Interpretations Committee in July 2013 and since forwarded to the IASB</li> </ul> |
| <b>October 2013 IASB meeting</b>   | <ul style="list-style-type: none"> <li>Any further required discussions on proposals in September paper</li> <li>Initial paper on net debt and EBIT/EBITDA</li> </ul>   | <ul style="list-style-type: none"> <li>Initial paper of the proposed amendments</li> </ul> | <ul style="list-style-type: none"> <li>Proposal for IASB deliberation</li> </ul>                  |   |
| <b>November 2013 IASB meeting</b>  | <ul style="list-style-type: none"> <li>Any further required discussions on net debt and EBIT/EBITDA</li> <li>Due process paper (or in December 2013 meeting)</li> </ul> | <ul style="list-style-type: none"> <li>Proposal for deliberation</li> </ul>                | <ul style="list-style-type: none"> <li>Due process paper</li> </ul>                               |   |
| <b>December 2013 IASB meeting</b>  |   | <ul style="list-style-type: none"> <li>Due process paper</li> </ul>                        |   | <ul style="list-style-type: none"> <li>Due process paper</li> </ul>   |
| <b>Quarter 1 2014</b>              | Publish Exposure Draft of IASB proposed narrow focus amendments to IAS 1  |  |   |   |