

## International Financial Reporting Standards



# Disclosure initiative An overview

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

# Background

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## *Agenda Consultation 2011*

- “A disclosure framework is needed to ensure that information disclosed is more relevant to investors and to reduce the burden on preparers”

## Discussion Forum

- Obtain views from those in the financial reporting process
- Survey also undertaken

## Feedback Statement

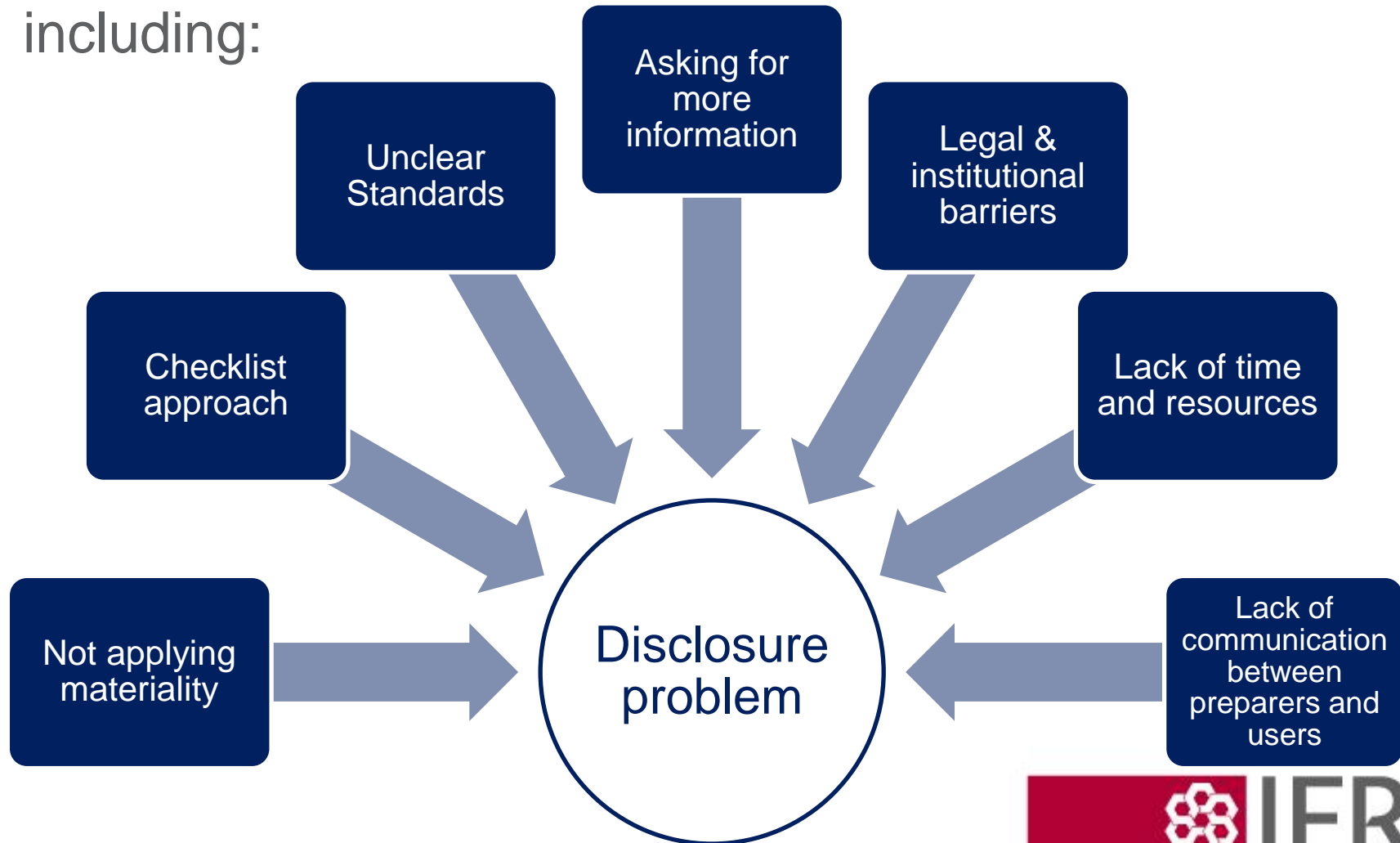
- Summarises what we have heard
- Highlights potential next steps for the IASB

# What is the problem?

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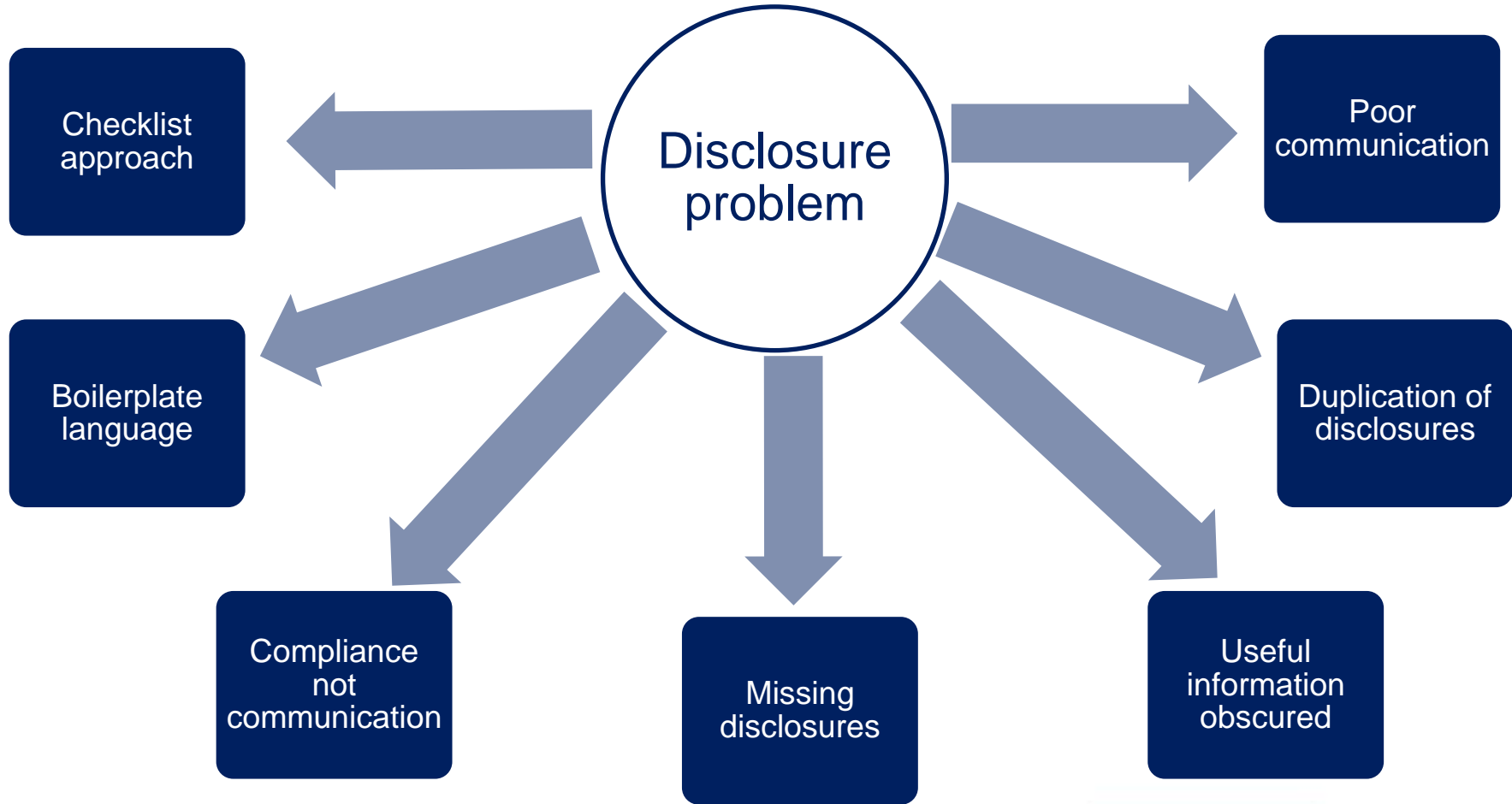
# What is the disclosure problem?

- Not clear we all agree – many factors contribute, including:



# What is the disclosure problem?

- This has a number of effects, including:



# Next steps

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## Disclosure initiative

### Short-term steps

Amendments  
to IAS 1

Materiality –  
assessment  
of existing  
guidance

Review new  
EDs  
disclosure  
requirements

### Long-term steps

Research  
project–IAS  
1, IAS 7 and  
IAS 8 – FSP  
project

Review of  
existing  
Standards



## Time

- Short-term project
- First paper to IASB in late Q3

## Why

- Perception that some language prevents judgement/requires certain presentations

## Response

- Propose amendments to IAS 1

# Amendments to IAS 1—what?

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- Clarifying that including immaterial information can obscure material information
- Clarifying that the materiality assessment applies to the whole of the financial statements, including the notes
- Clarifying that materiality applies within a Standard
- Remove language that has been interpreted as prescribing the order of the notes
- Including language which allows more flexibility about where accounting policies are disclosed
- Consider adding a requirement to reconcile net-debt if disclosed

# Interaction with the work of the Interpretations Committee

- The Interpretations Committee have received submissions on the following aspects of IAS 1:
  - Going concern
  - Current/non-current classification for liabilities
  - Presentation of items of other comprehensive income arising from equity accounted investments
- We propose that the timing of the IASB's deliberations on these topics be linked with those of the Disclosure Initiative's short term amendments to IAS 1
- Combined deliberations, and the publication of a combined ED, will be more convenient and efficient for both the IASB and its constituents

## Time

- Short-term project
- Start in second half of 2013

## Why

- Responding to concern that materiality is not being applied well in practice

## Response

- Working with auditors, regulators & others
- Assessing adequacy of existing guidance & propose whether additional guidance is required or not

# Review new disclosure requirements

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## Time

- Short-term project
- On going

## Why

- Responding to comments that the way IFRS disclosure requirements are written contribute to the disclosure problem

## Response

- Look at the way new ED disclosure requirements are worded
- Work with auditors, regulators and preparers

# Research project – IAS 1, IAS 7 and IAS 8, and FSP

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## Time

- Longer-term project
- Start in 2013

## What

- Exploratory work on whether the work previously done on the FSP project could form the basis of a research project
- In parallel with the *Conceptual Framework*

## Outcome

- Could, in essence, be a disclosure framework for IFRSs

## Time

- Longer-term project
- Over the next two years

## What

- Research project to review disclosure in IFRS more holistically
- Identify and assess conflicts, duplication and overlaps

## Outcome

- Assess whether additional action is required

# Timeline

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# Draft timeline

	2013	2014				Comments
	Q3-Q4	Q1	Q2	Q3	Q4	
Amendments to IAS 1	IASB deliberations	Publish ED		IFRS		Final date of IFRS subject to deliberations, comments, etc.
Materiality	Research	Paper to IASB				Outcome dependent on research
New EDs	On going					
IAS 1, 7, 8 and FSP research	Project plan	Research (possible public research paper)				Potential 2015 Agenda Consultation proposal
Existing standards	Project plan	Research				Potential 2015 Agenda Consultation proposal

# Conceptual Framework

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# Conceptual Framework

- Disclosure project in parallel with Conceptual Framework project. Projects inform each other – some overlap

