

STAFF PAPER

June 2014

ASAF meeting

Project	Disclosure Initiative		
Paper topic	Feedback from ASAF		
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<p>This paper has been prepared by the staff of the IFRS Foundation for discussion at a public meeting of the ASAF 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 <i>Update</i>.</p>			

Objectives of this meeting

1. The objectives of this meeting are to:
 - (a) provide ASAF members with a brief update on progress of the projects forming the Disclosure Initiative
 - (b) receive feedback from ASAF members on recent or current initiatives for disclosure, including presentation, in their jurisdictions and discuss how those initiatives can inform the scope and prioritisation of the IASB's projects on Principles of Disclosure and Materiality that form part of the Disclosure Initiative.

IASB's Disclosure Initiative - update

2. The appendix to this paper provides an update on the scope, progress and expected timing of the projects that form the Disclosure Initiative.

Disclosure initiatives – ASAF members

3. At this meeting we will hear from:
 - (a) the Brazilian Accounting Standards Board on its Exposure Draft on improvements of explanatory notes to the financial statements (please see Agenda Paper 7A for a copy of that Exposure Draft);
 - (b) EFRAG on current European developments on Alternative Performance Measures and their implications for IFRS financial statements (Please see Agenda Paper 7B);
 - (c) the FASB on its Financial Statement Presentation project.
4. For each of these initiatives/projects, the relevant ASAF member has been asked to discuss:
 - (a) Overview of the initiative/project;
 - (b) Feedback received;
 - (c) Any “lessons learned” that could inform the IASB’s Disclosure Initiative, in particular about the scope of the IASB’s projects and its timing.
5. The Appendix provides an overview of the topics and scope of the Principles of Disclosure and Materiality projects under the Disclosure Initiative. In terms of that specific work being undertaken in the Disclosure Initiative, IASB staff think that the initiatives/projects discussed in paragraph 3 could inform the following:
 - (a) As part of the Materiality project, IASB staff is assessing how the concept of materiality is currently being applied in practice. Depending on the results of this project the IASB may or may not develop additional guidance.
 - (b) As part of the Principles of Disclosure project, IASB staff is exploring whether the IASB should develop additional Standards-level guidance regarding the disclosure of non-IFRS information in a complete set of IFRS financial statements. This review will also consider the depiction of unusual or infrequent occurring events or transactions.

- (c) As part of the Principles of Disclosure project, IASB staff is exploring presentation in the primary financial statements to the extent that general principles could be developed to:
- (i) help entities decide whether an item should be presented as a line item in the primary financial statements or disclosed in the notes;
 - (ii) extend some of the ideas developed in the IASB's Financial Statement Presentation project about activities-based presentation (eg operating, financing) across financial statements, including disclosures;
 - (iii) improve cash flow reporting more broadly (research being led by the UK Financial Reporting Council).

Questions

Do you have any comments on the projects listed in paragraph 3?

Do you have any similar disclosure-related projects/issues in your jurisdiction? If so, could any recent work undertaken inform the IASB's Disclosure Initiative or the work of other ASAF members?

Appendix - Progress of Disclosure Initiative projects

Project	Scope	Update	Timing
Amendments to IAS 1	<ul style="list-style-type: none"> Narrow-focus amendments Aimed at ensuring an entity is able to use judgement in the following areas: <ul style="list-style-type: none"> Materiality Order of the notes Line items and subtotals Accounting policies 	<ul style="list-style-type: none"> Exposure Draft published March 2014 Comment letter deadline 23 July 2014 Currently undertaking outreach on the proposed amendments 	<ul style="list-style-type: none"> IASB redeliberations – commencing September 2014 IFRS expected in Q4 2014
Reconciliation of liabilities from financing activities	<ul style="list-style-type: none"> Narrow-scope amendments to IAS 7 <i>Statement of Cash Flows</i> Improve disclosures about an entity's liabilities arising from financing activities 	<ul style="list-style-type: none"> Objective, scope and approach discussed with IASB in March 2014 Currently seeking input from investors and preparers 	<ul style="list-style-type: none"> Ask the IASB for permission to draft proposed amendment and confirm due process steps – Q3 2014 ED expected Q4 2014
Materiality	<ul style="list-style-type: none"> Financial statements as a whole, with focus on: <ul style="list-style-type: none"> application in the notes significant accounting policies 	<ul style="list-style-type: none"> Objective, scope and approach discussed with the IASB in March 2014 Request for help sent to national/regional standard setters Review of application in practice in: <ul style="list-style-type: none"> Law Statute Auditing standards Local GAAP 	<ul style="list-style-type: none"> Paper to the IASB in Q3 2014 <ul style="list-style-type: none"> Discuss information received and resulting analysis Recommend ways to proceed

		<ul style="list-style-type: none"> ○ Academic literature 	
Principles of Disclosure	<ul style="list-style-type: none"> • Principles of disclosure for the notes, including: <ul style="list-style-type: none"> ○ objective and boundaries; and ○ principles regarding the organisation, placement, format and linkage of information. • Information in a complete set of IFRS financial statements, including: <ul style="list-style-type: none"> ○ presentation and disclosure of non-IFRS financial information; and ○ comparative information • Differential disclosures and proportionality; • Cash flow reporting; and • Disclosure of interim financial information 	<ul style="list-style-type: none"> • April 2014 meeting, the IASB decided on the scope of its Principles of Disclosure research project. • Message that some topics should be given priority. At the April 2014 meeting, the IASB noted that the research should focus first on: <ul style="list-style-type: none"> ○ principles of disclosure for the notes, and ○ information in a complete set of IFRS financial statements 	<ul style="list-style-type: none"> • DP expected by the end of 2015 • Where possible and needed, discreet issues may be escalated and looked at individually