

STAFF PAPER

June 2014

IASB Meeting

Project	Annual Improvements to IFRSs 2012-2014 Cycle (ED/2013/11)—Comment letter analysis		
Paper topic	IAS 34 <i>Interim Financial Reporting</i> —Disclosure of information ‘elsewhere in the interim financial report’		
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Introduction

1. The Exposure Draft ED/2013/11 *Annual Improvements to IFRSs 2012–2014 Cycle* published in December 2013 (the ED) includes a proposal for an amendment to IAS 34 *Interim Financial Reporting* to clarify the meaning of disclosure of information ‘elsewhere in the interim financial report’ and to require the inclusion of a cross-reference from the interim financial statements to the location of this information.

Purpose of this paper

2. The objective of this paper is:
 - (a) to present to the IASB the Interpretations Committee’s recommendations on the proposed amendment to IAS 34; and
 - (b) to obtain a IASB decision on the finalisation of this amendment.
3. For a detailed description of the comments received and the source of those comments, the IASB should refer to [Agenda Paper 17E](#) presented to the Interpretations Committee at the May 2014 meeting.

The issue

4. The Interpretations Committee received a request to clarify the meaning of disclosure of information ‘elsewhere in the interim financial report’ in IAS 34. The submitter noted that the definition of interim financial report in paragraph 4 of IAS 34 was not sufficiently clear with regard to whether the interim financial report covers only the information reported under IFRS (meaning the IFRS interim financial statements) or whether it also more generally includes management reports or other elements in addition to IFRS interim financial statements.
5. The IASB noted that paragraph 16A of IAS 34 explicitly states that the information required by that paragraph could be given elsewhere in the interim financial report and, consequently, considered that this information could be provided outside the interim financial statements.
6. The IASB proposed to amend paragraph 16A of IAS 34 through annual improvements to clarify the meaning of disclosure of information ‘elsewhere in the interim financial report’ and to require the inclusion of a cross-reference from the interim financial statements to the location of this information.

Main comments raised by respondents

7. About two thirds of the respondents fully agreed with the proposal or conditionally agreed subject to some clarifications that they think the IASB should make. The remaining one-third of the respondents disagreed with the proposed amendments.
8. Respondents who disagree with the proposed amendment observed that the proposed amendment is not necessary or is too broad.
9. Respondents who conditionally agree with the proposed amendment asked the IASB to clarify:
 - (a) the meaning of ‘interim financial report’; and
 - (b) the wording in paragraph 16A of IAS 34; more specifically the meaning of providing disclosures by cross-reference ‘on the same terms as the interim financial statements’ and ‘at the same time’.

The Interpretations Committee's recommendations

10. The Interpretations Committee recommended to the IASB that it should finalise the proposed amendments to IAS 34 by adding some further clarifications.
11. The Interpretations Committee recommends the IASB to further clarify that:
 - (a) the amendment is not extending the scope of the interim financial report, because the disclosures required in paragraph 16A(a)–(k) of IAS 34 are part of the selected explanatory notes (and, consequently, part of the interim financial report) even if those disclosures are presented in another location outside the financial statements. Without these disclosures, the interim financial report would be incomplete.
 - (b) disclosures incorporated by cross-reference should be made available “on the same terms” as the financial statements. This means that users should have access to the referenced material on the same basis as they have for accessing the financial statements where the reference is made from. The Interpretations Committee further noted that the disclosures incorporated by cross-reference have to satisfy the disclosure requirements in IFRSs.

Annual Improvements criteria reassessment

12. We think that the proposed amendment to IAS 34 continue to meet the Annual Improvements criteria established by the *Due Process Handbook* issued in February 2013, because it clarifies the meaning of disclosure of information “elsewhere in the interim financial report” and requires the inclusion of a cross-reference from the interim financial statements to the location of this information. These criteria are reported in **Appendix A** of this paper.

Questions for the IASB

1. Does the IASB agree with the Interpretations Committee's recommendation to finalise, in the Annual Improvements project, the amendments to IAS 34 and add further changes that would make the proposed amendments clearer?

Appendix A—Interpretations Committee criteria for annual improvements

A1. Our reassessment of the issue against the annual improvements criteria is as follows:

Agenda criteria

We should address issues (5.16):	
that have widespread effect and have, or are expected to have, a material effect on those affected.	No. The feedback from outreach activity indicated that the issue has limited impact. However, the Interpretations Committee and the IASB concluded (when discussing the proposal for inclusion in the ED) that an amendment should be made through Annual Improvements.
where financial reporting would be improved through the elimination, or reduction, of diverse reporting methods.	Yes. We think that the proposed amendment would promote the consistent application of the guidance in IAS 34 by clearly cross-referencing the placement of the required information.
that can be resolved efficiently within the confines of existing IFRSs and the <i>Conceptual Framework for Financial Reporting</i> .	Yes. We think that requiring cross-referencing the placement of the required information is consistent with existing IFRSs and the <i>Conceptual Framework for Financial Reporting</i> .
In addition:	
Can the Interpretations Committee address this issue in an efficient manner (5.17)	Yes. We think that the proposed amendment constitutes an annual improvement to IAS 34 that should be finalised as part of the 2012-2014 annual improvements cycle.
Will it be effective for a reasonable time period (5.21)? Only take on the topic of a forthcoming Standard if short-term improvements are justified.	Yes. The proposed amendment will be effective for a reasonable time period. As we have explained above, the proposed improvement is justified.

Additional criteria for annual improvements

In addition to the implementation and maintenance criteria, an annual improvement should (6.11, 6.12):	
<ul style="list-style-type: none"> • Replace unclear wording; • Provide missing guidance; or • Correct minor unintended 	Yes. The proposed amendment clarifies the meaning of disclosure of information “elsewhere in the interim financial report” and provides guidance

<p>consequences, oversights or conflict.</p> <p>Not change an existing principle or propose a new principle</p> <p>Not be so fundamental that the IASB will have to meet several times to conclude (6.14)</p>	<p>on how to present notes in a systematic manner.</p> <p>Yes. We think that the proposed amendment is not changing an existing principle or proposing a new principle.</p> <p>Yes. We think that the proposed amendment is not so fundamental that the IASB will have to meet several times to conclude.</p>
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