

## STAFF PAPER

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## Accounting Standards Advisory Forum

Project	Disclosure Initiative		
Paper topic	Cover paper		
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**Purpose of this meeting**

1. At this meeting, we would like to discuss with you the objective and scope of two projects that form part of the Disclosure Initiative (DI), namely:
  - (a) Materiality (Agenda Paper 7B); and
  - (b) Principles of Disclosure in IFRS (Agenda Paper 7C).

**Background**

2. 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.

<sup>1</sup> [Feedback Statement Agenda Consultation 2011, December 2012, page 21.](#)

3. In May 2012, as part of the *Agenda Consultation 2011*, it was agreed that we would include work on disclosure as part of the Conceptual Framework project. However, in the [Conceptual Framework Discussion Paper A Review of the Conceptual Framework for Financial Reporting](#), published in July 2013 (the ‘Conceptual Framework Discussion Paper’), the IASB suggested that the primary purpose of the Conceptual Framework is to assist the IASB by identifying concepts that it will use consistently when developing and revising IFRSs.<sup>2</sup> Because of this purpose, the staff also decided that additional work on disclosures at a standards-level should be considered separately as the Disclosure Initiative. The objective of that Initiative is to improve the effectiveness of communication of financial information to users outside the reporting entity.
4. It was also decided in the *Agenda Consultation 2011* to undertake a Discussion Forum on Financial Reporting Disclosure (the ‘Forum’). The Forum aimed to identify short-term initiatives for disclosure. The outcome of this Forum was summarised in the [Feedback Statement: Discussion Forum—Financial Reporting Disclosure](#) published in May 2013 (the ‘Feedback Statement’). The Feedback Statement set out the next steps that the IASB would be asked to consider in its initiative to improve disclosure, and summarised those steps as follows:<sup>3</sup>

Short term	Medium term
Narrow-scope amendments to IAS 1 <i>Presentation of Financial Statements</i> will be considered by the IASB in the second half of 2013.	In 2013 the IASB will start a research project reviewing IAS 1, IAS 7 <i>Statement of Cash Flows</i> and IAS 8 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i> . The goal will be to replace those Standards, in essence creating a disclosure framework. The research will be undertaken in parallel with the work on the <i>Conceptual Framework</i> , with the goal of developing a full Standards-level proposal in time for the next Agenda Consultation.
The IASB will start a project in the second half of 2013 to consider developing education material or guidance on materiality, working with securities regulators, auditors, preparers and users.	The requirements in all Standards will be reviewed systematically, in the light of the revised <i>Conceptual Framework</i> and any work undertaken on IAS 1, IAS 7 and IAS 8.
The disclosure requirements in new Exposure Drafts will be drafted using less prescriptive language.	

<sup>2</sup> Paragraph 1.26 of the Conceptual Framework Discussion Paper.

<sup>3</sup> Pages 14-22 of the Feedback Statement.

5. These next steps form the basis of the Disclosure Initiative. See Appendix A for a pictorial overview of the Disclosure Initiative.

### **Status of the papers and next steps**

6. We are looking to determine the objective and scope of Disclosure Initiative projects on Principles of Disclosure in IFRS (the research project reviewing IAS 1, IAS 7 and IAS 8) and Materiality. The papers provided to you will form the basis of papers on these topics that we propose to take to the IASB in March 2014 (Materiality) and April 2014 (Principles of Disclosure). We intend to incorporate the messages we hear from ASAF into those papers.

Appendix A—Overview of the Disclosure Initiative

# Disclosure Initiative

Ongoing activities

Short-term steps

Medium-term steps

Digital reporting  
New EDs

Amendments to IAS 1

Materiality – assessment of existing guidance

Research project – Principles of Disclosure in IFRS

Research project – review of existing Standards