GPF meeting, 6 November 2014
Agenda paper 6

Disclosure Initiative
Project Update

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Agenda

- Background

- What is the disclosure problem?

- An overview
    - Specific projects

Background

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 2013

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

Feedback Statement 2013

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

What is the disclosure problem?

Too much irrelevant information (overload)

Not enough relevant information

Poor communication

Disclosure problem

IFRS
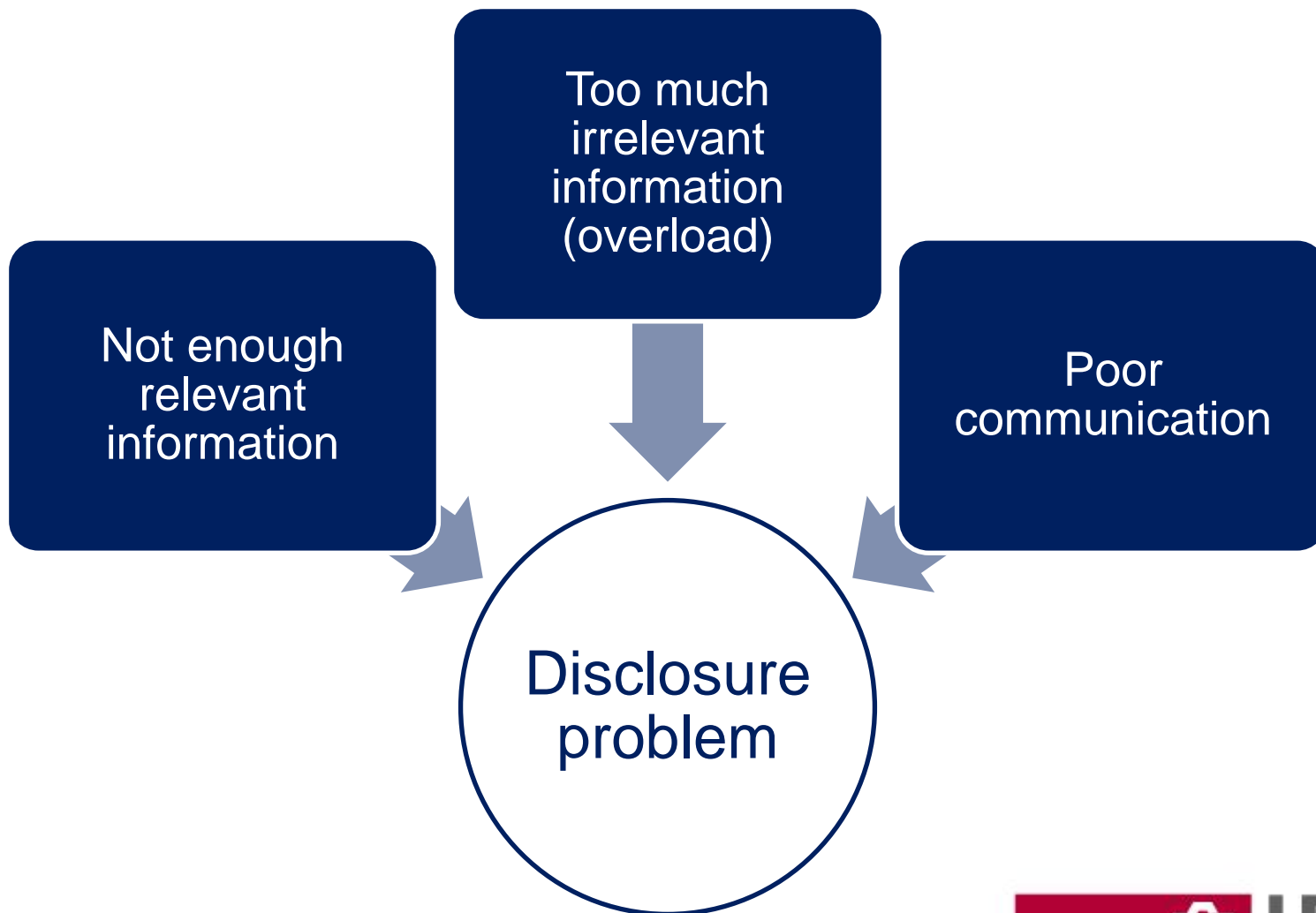
Disclosure Initiative—an overview

- Objective
  - To improve the effectiveness of disclosures
    - Addressing the different causes of the 'disclosure problem'

- Made up of different projects
  - Reflects different causes of the 'disclosure problem'

An overview

Disclosure Initiative

Implementation

Research

Ongoing activities

| Amendments to IAS 1 | Reconciliation of liabilities from financing activities | Materiality | Principles of Disclosure | Review of existing Standards Drafting Guide | Digital reporting |

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Implementation: Amendments to IAS 1

Why
- Clarifying amendments
- Perception that some language in IAS 1 prevents judgement and requires rigid formats for presentations

Proposals
- Materiality
- Line items – disaggregation, subtotals
- Order of notes
- Examples of significant accounting policies

Status
- ED published Q1 2014 – comments due July 2014
- Feedback presented to the IASB in Sept and Oct 2014
- Final Standard expected December 2014

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Implementation : Reconciliation of liabilities from financing activities

Why
- Investors have consistently asked the IASB to introduce a requirement that entities must disclose and explain their net debt

Proposals
- Amendment to IAS 7 *Statement of Cash Flows*
- Disclosure of reconciliation of liabilities from financing activities

Status
- Survey of investors Q1 2014
- Permission to ballot given in September 2014
- ED expected Q4 2014

Research overview

Disclosure Initiative

Materiality

Principles of Disclosure (POD)

Financial Statements	Supporting explanatory notes

Discussion Paper

IFRS - Replace IAS 1, 7 and 8

Performance Reporting

Drafting guide for the IASB

Comprehensive review of existing standards

Filing and access requirements

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Why
- Concern that materiality is not being applied well in practice
- Key contributor to the 'disclosure problem'

Research
- How should the IASB respond?
- Working with representatives of IOSCO and IAASB
- Review of how materiality is applied in different jurisdictions

Status
- Education session with the IASB in September 2014
- Further outreach in September and October 2014
- IASB response expected to be agreed in November 2014

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Research : Principles of Disclosure

Why
- Requests for the IASB to develop presentation and disclosure principles that apply across IFRS

Research
- Building on the work previously done by the IASB and others
- In parallel with the *Conceptual Framework*

Status
- Board discussions in 2014
- Discussion Paper in 2015

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Research : Principles of Disclosure contd.

Principles

- Content – materiality, purpose of the primary financial statements and notes
- Communication – faithful representation, understandability, comparability

Applying the principles

- Aggregation/disaggregation
- Grouping by activity (cohesiveness)
- Formatting
- Cross-referencing
- Cash flows
- Non-IFRS information

IFRS

Research : Review of existing Standards

Time
- Research project
- Dependent on Principles of Disclosure project

What
- Review existing disclosures in IFRS holistically
- Identify and assess redundancies, conflicts and duplication

Outcome
- Possible amendments to existing disclosure requirements in IFRS
- Possible drafting guide for the IASB

IFRS

Ongoing activities : Digital reporting - background

February 2012 XBRL Trustees Strategy Review

- "we plan to focus on how an IFRS Taxonomy can help facilitate regulatory filing requirements and help users of IFRS financial statements to consume that information"

Affected the organisational structure and work priorities of the IASB XBRL team

- Due Process – further integration of standard-setting and IFRS Taxonomy activities
- Engagement – separating content from the XBRL architecture
- Role of technology – consideration of electronic reporting requirements when setting Standards

Ongoing activities : Digital reporting

| Time | • Ongoing |

| Why | • Increased importance of electronic delivery of financial information |

| Response | • Integrate IFRS Taxonomy development into IASB's work programme |

IFRS