

January 2015

International Financial Reporting Standards



Disclosure Initiative: project update

Agenda Paper 11A
IASB education session

Purpose of the session

- Provide you with an overview of the activities that collectively comprise the Disclosure Initiative.
- Report our progress against the 10-point plan announced by Hans Hoogervorst in June 2013.
- Update you on the IFRS Filing and Taxonomy Jurisdictional Profile project.
- Provide you with an opportunity to ask questions about any aspect of the initiative.

International Financial Reporting Standards

Overview

Disclosure Initiative

Implementation

Research

Ongoing activities

Amendments to IAS 1

Reconciliation of liabilities from financing activities

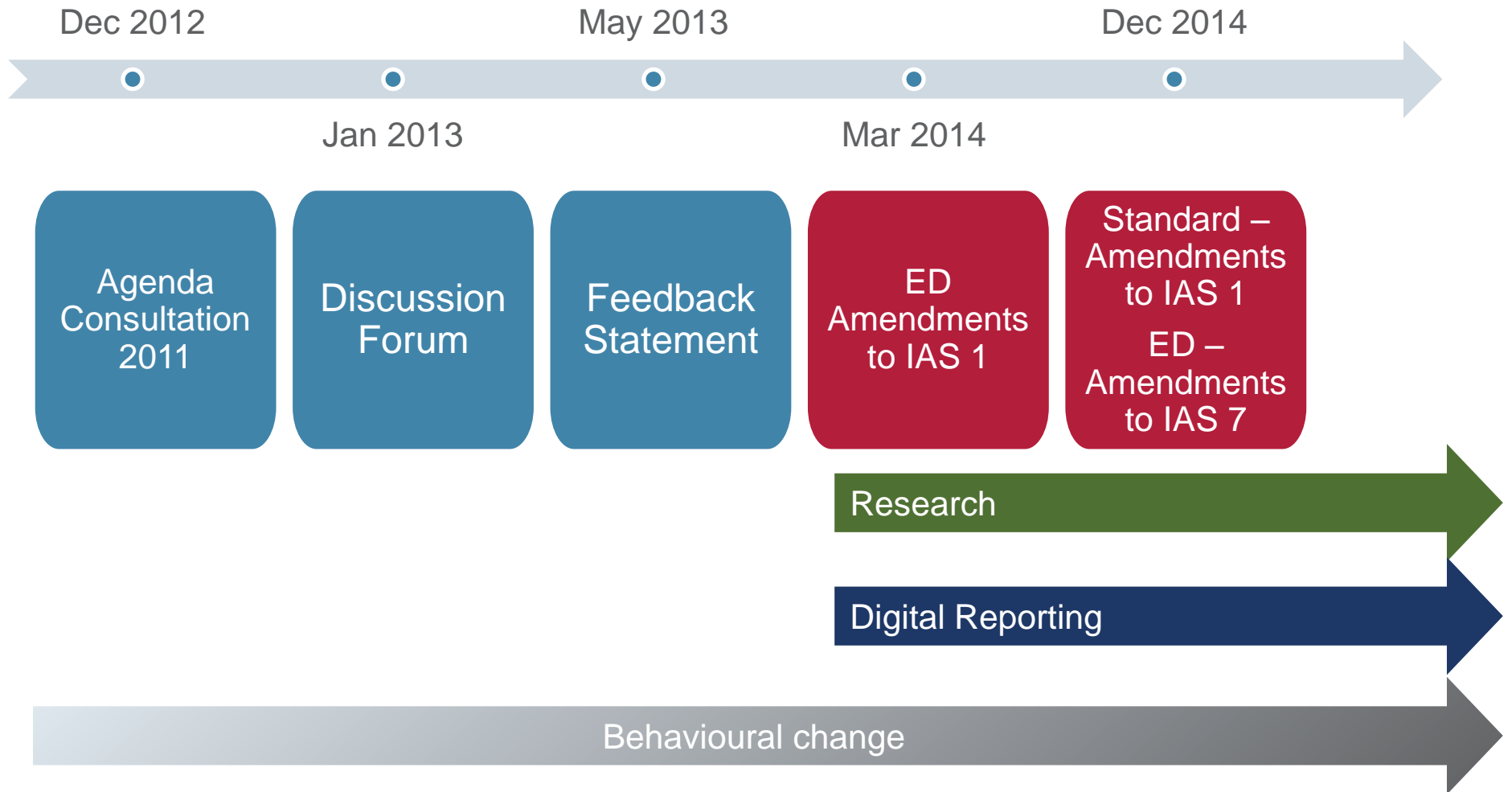
Materiality

Principles of Disclosure (POD)

Review of existing Standards
Drafting Guide

Digital reporting
Filing and access requirements

History



What is the disclosure problem?



Overview – another perspective

Disclosure Initiative

Materiality

POD

Financial statements

Accompanying notes

Discussion Paper

Standard - replace IAS 1, 7 and 8

Drafting guide for the IASB

Comprehensive review of existing Standards

Digital reporting and filing/access requirements

Performance reporting

Why

- Concern that materiality is not being applied well in practice.
- Key contributor to the ‘disclosure problem’.

Research

- Working with representatives of IOSCO and the IAASB.
- Review of how materiality is applied in different jurisdictions.
- Outreach undertaken – ASAF, WSS, AC.

Output

- Section in the *Principles of Disclosure* Discussion Paper:
 - definition of materiality; and
 - threshold, user, include/exclude.
- [Draft] Practice Statement

Why

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

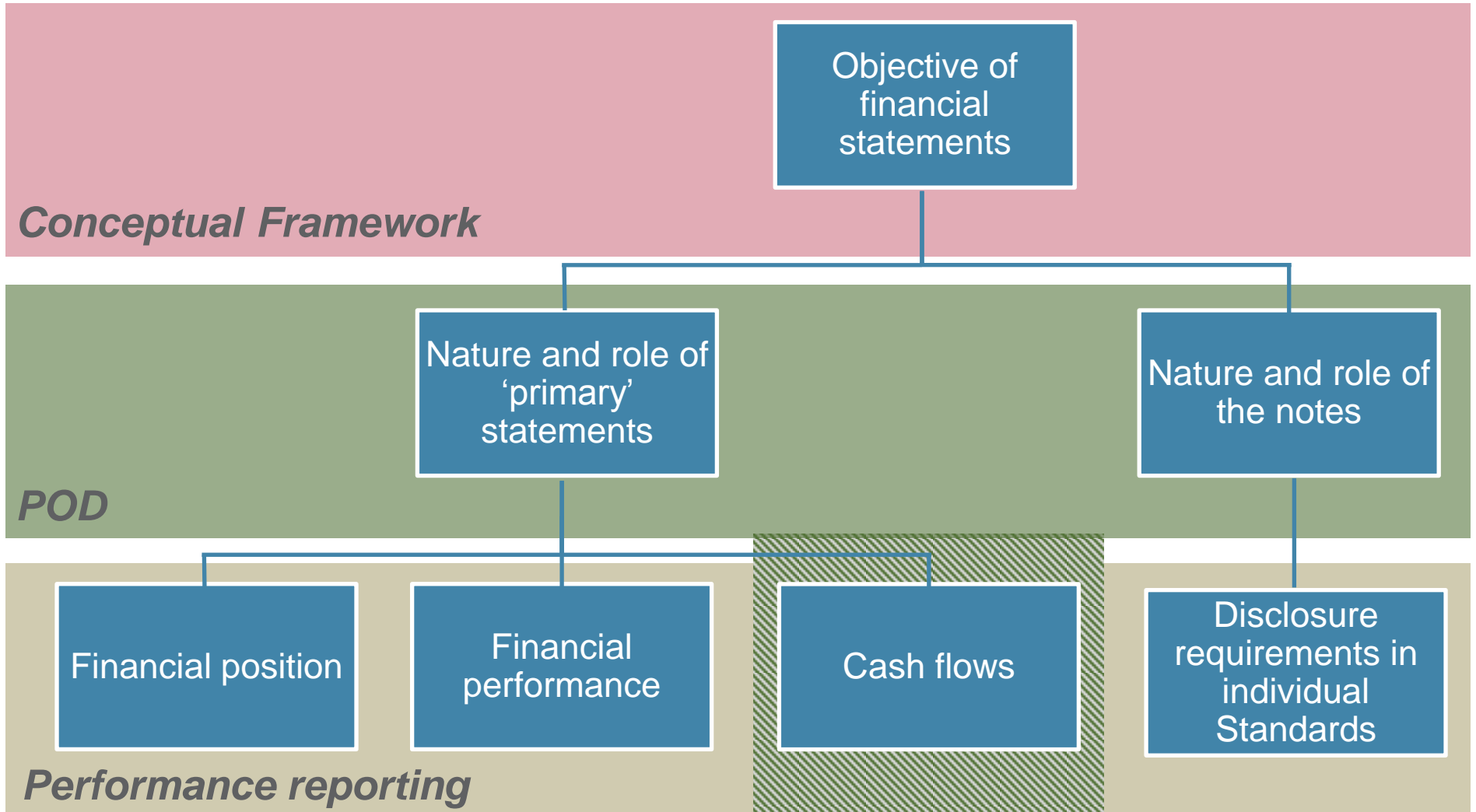
Research

- Building on the work previously done by the IASB and others.
- In parallel with the *Conceptual Framework* and Performance Reporting project.
- Bring together the main Standards that shape the financial report.

Output

- Discussion Paper.
- Educational guidance – communication/formatting.

POD – relationship with other projects



Overarching objectives and principles

Role of primary financial statements and the notes

Materiality

Communication principles
grouping, ordering and formatting

Application

Non-IFRS information

Improving disclosure objectives

Consistency/comparability of disclosures

Cross-referencing

Accounting policies

Wider issues

Disclosures about cash flows (IAS 7)

Disclosure of changes policies and estimates (IAS 8)

Implications on existing Standards

Digital reporting

Why

- The way some IFRS disclosure requirements are written has been identified as contributing to the disclosure problem.

Research

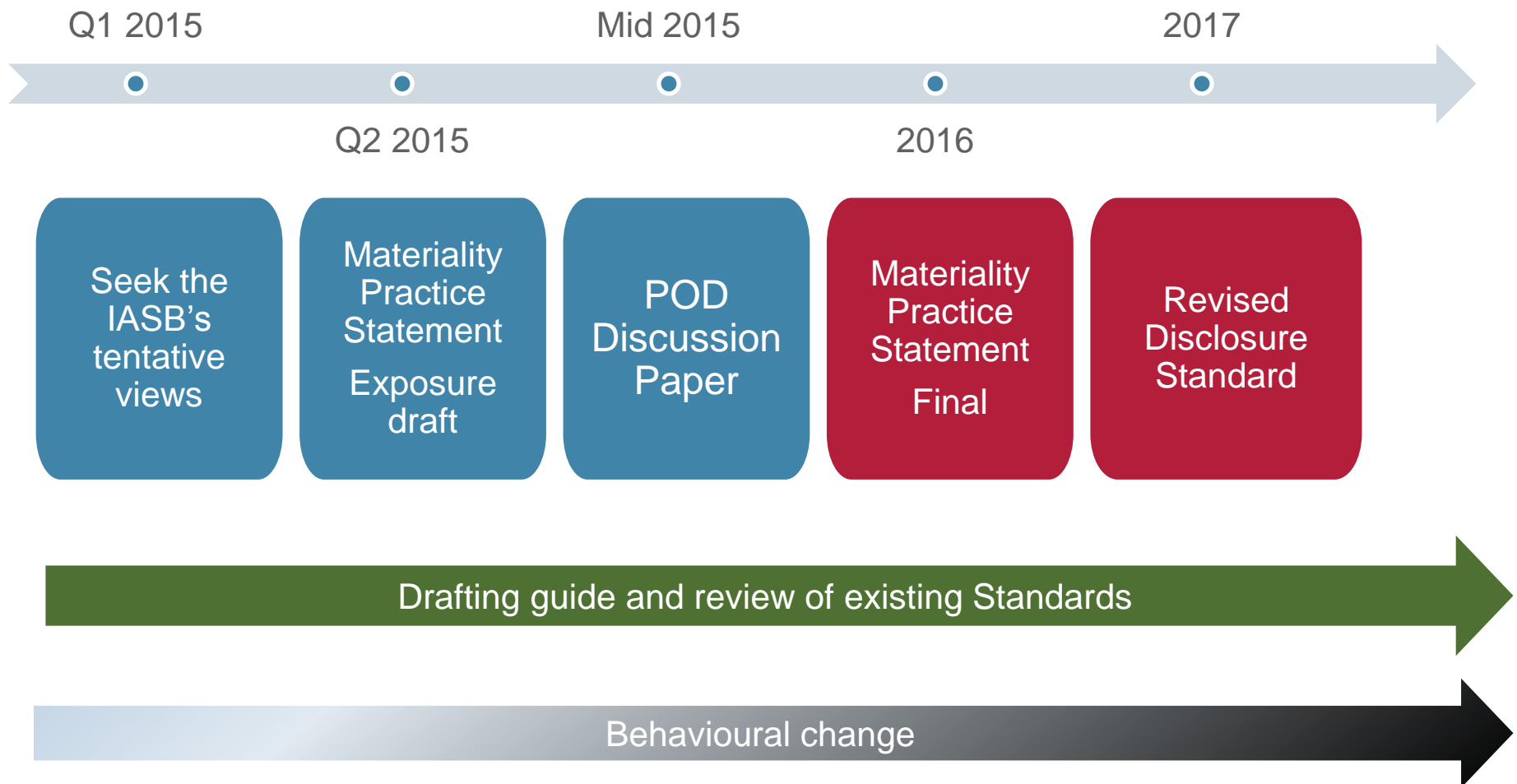
- Review across all IFRS disclosure requirements – identify themes.
- Analysis of selected Standards.

Output

- Informs POD/informed by POD.
- Potential amendments to Standards.
- Drafting guide for new Standards.

- POD:
 - the DRSC (Germany) has made a staff member available to work with the IASB staff;
 - the FRC (UK) is undertaking work on cash flow reporting (IAS 7); and
 - the OIC (Italy) are undertaking work on disclosures about changes in accounting (IAS 8).
- A general review of disclosure requirements in existing Standards:
 - the NZ External Reporting Board is undertaking some of the review.

Timeline – looking ahead



The 10-point plan

The 10-point plan

- In June 2013 we set out a 10-point plan to simplify disclosures
 - eight quick possible measures, which could lead to ‘tangible results in the short run’; and
 - two more extensive measures requiring additional work by the IASB *and its stakeholders*.

The 10-point plan – status

1-3 – clarify current materiality guidance

- Immaterial information can detract from useful information.
- Materiality applies to the whole financial statements.
- Materiality applies to each disclosure requirement in a Standard.

4-5 – Clarify guidance on the order the notes, including accounting policies

- Remove language in IFRS:
 - that implies a prescribed order of the notes; and
 - prevents flexibility about the location of accounting policies in the notes.

6 – net debt reconciliation

- Consider adding a net-debt reconciliation requirement.

7 – develop further guidance on materiality

- Consider creation of either general application guidance or educational material on materiality.
- Work with the IAASB and IOSCO.

IAS 1 Amendments

- Final Standard published Q4 2014.

Proposed IAS 7 Amendments

- ED published Q4 2014.

Materiality Project

- ED Practice Statement planned for Q2 2015.

The 10-point plan – status continued

8 – disclosure objectives in new standards

- Use less prescriptive wordings for disclosure requirements
- Focus on disclosure objectives and examples of disclosures that meet that objective

New Standard

- Good progress – regulatory deferral accounts.
- Ongoing.

9 – start research to create a new disclosure Standard

- Fundamental review of IAS 1, IAS 7 and IAS 8.
- Revisit work done in Financial Statement Presentation project.

POD Project

- DP planned for mid-2015.
- Performance reporting added to research agenda.

10 – undertake a general review of disclosure requirements in existing Standards

- Once the review of IAS 1, IAS 7 and IAS 8 has been completed.

Review of existing standards

- DP planned for mid-2015.
- Performance reporting added to the agenda.

Digital reporting and filing and access requirements

Digital reporting

- Financial reports can be produced in different formats, for example:
 - Paper-based, including PDF;
 - Web-page (HTML);and
 - structured data (eg XML, XBRL using the IFRS Taxonomy).
- IFRS disclosure requirements should be capable of being met using any format.
- Integration of IFRS Taxonomy team into the Disclosure Initiative helps to ensure that digital reporting is considered when developing disclosure principles/requirements, for example:
 - Proposed IFRS Taxonomy Update accompanying the ED *Disclosure Initiative* (Proposed Amendments IAS 7).

IFRS filing and access requirements

- What happens with the IFRS financial reports once they have been prepared?
 - Do they need to be filed? Distributed?
 - Are electronically consumable versions allowed or required to be filed?
 - What technology (format) is used?
 - Do other regulators use that format?
- The IFRS Taxonomy Jurisdictional Profile project:
 - staff in the Asia-Oceania Office undertaking the work; and
 - first profiles will be available this year.

Current status

Timeline

Filing requirements

- Varies from jurisdiction to jurisdiction, eg:
 - NZ, filed within three months, on the same day it is provided to shareholders.
 - South Africa, within six months but if not submitted within three months they must send a provisional report to shareholders.

Form

- Varies from jurisdiction to jurisdiction, eg:
 - NZ, the annual reports must be filed in an ‘electronic’ format specified by the NZX, which is generally a PDF equivalent of the printed report.
 - US, XBRL-tagged data.

Current status

Timeline

Pre-questions: surveys on filing requirements

- So far we have received **28** responses from standard-setters
 - using XBRL : **15** jurisdictions;
 - not using but have plans to use: **3** jurisdictions;
 - not using and no plans to use: **6** jurisdictions; and
 - not using and no decision on future plans: **4** jurisdictions.
- For jurisdictions where XBRL is used, the IFRS Taxonomy is either adopted 'as issued by the IFRS Foundation' or is used to develop a local taxonomy.
- G20 jurisdictions that have not yet replied: Argentina, Brazil, France, India, Italy, Mexico, Russia, Turkey, UK and US.

Current status

Timeline

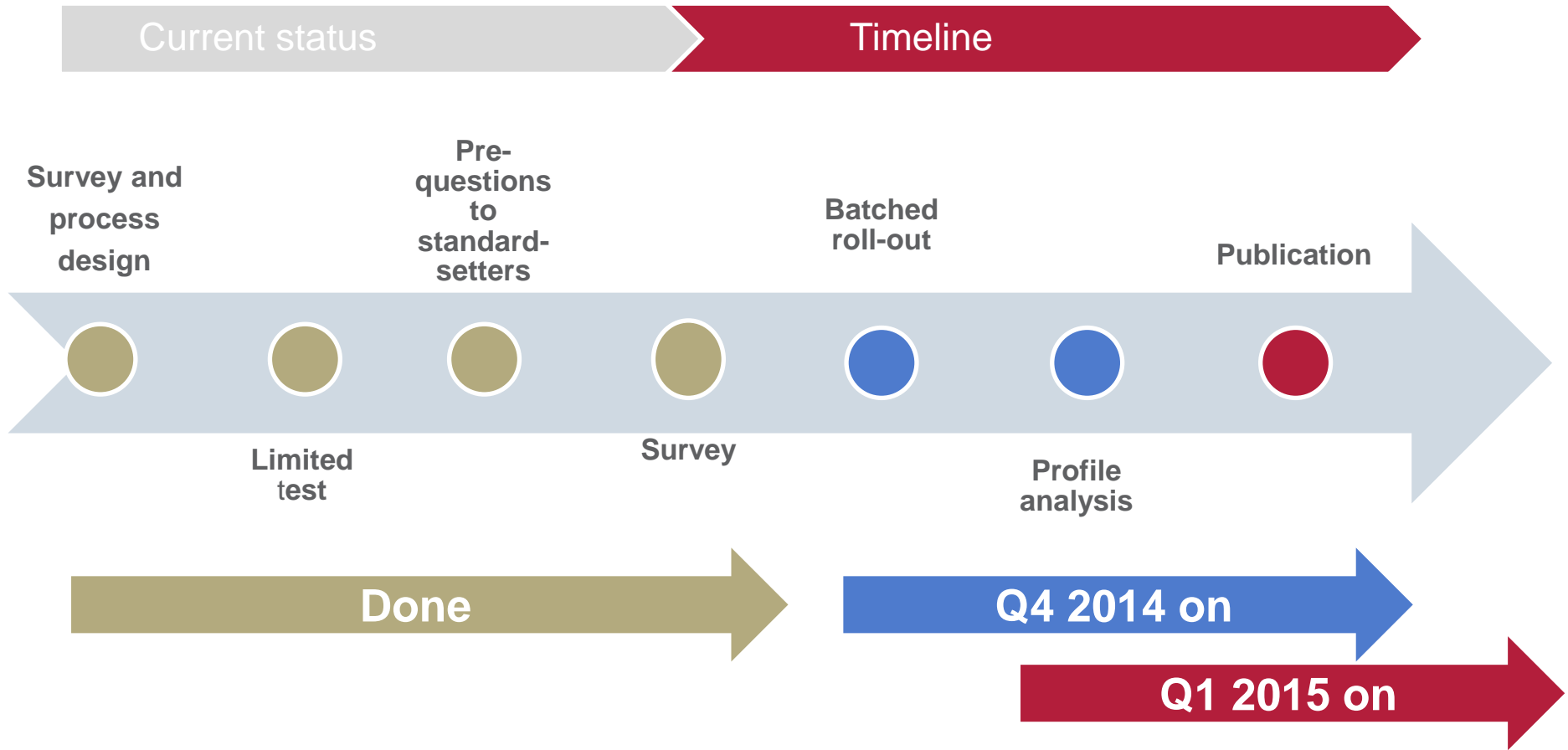
Pilot (1st batch): use of the IFRS Taxonomy

- Four Asian jurisdictions were selected and three responses received.
- All these jurisdictions use XBRL and the IFRS Taxonomy.
- Profiles are created and need more details on other uses of XBRL.

2nd batch

- Surveys were sent to organisations that might be using XBRL, in the 28 jurisdictions where we have received responses from standard-setters.
- Remaining G20 countries will also be included in the 2nd batch.

IFRS Taxonomy jurisdiction profiles



Summary

Summary

The Disclosure Initiative is a portfolio of actions:

- new IFRS/amendments;
- drafting guide;
- education material;
- practice statement; and
- behavioural change:
 - audit firms;
 - regulators; and
 - Preparers.

individual comments
 questions or
 individual
 comments
 expressions of
 individual views
 feedback a
question
 expressions of individual vie
 individual comments
questions
 expressions of
 individual views
comments
 questions or
 individual
 comments
 questions or comments
 expressions of individual views
comments
 questions or individual comments
question
 expressions of individual vie
comment
 feedback
 questions
questions
 feedback
 questions
 feedback
 questions or
 individual views
questions and viewpoints
 feedback and comments