

## STAFF PAPER

September 2015

## IASB Meeting

Project	Disclosure Initiative—Principles of Disclosure (POD)		
Paper topic	Drafting of disclosure requirements - cover paper		
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## Introduction

1. At its meeting in April 2015, the Board discussed papers prepared by the NZASB staff on drafting disclosure requirements. The papers included a proposed new approach to draft disclosure requirements and two ‘prototype’ disclosure sections, using IAS 16 *Property, Plant and Equipment* and IFRS 3 *Business Combinations*, which demonstrated how these Standards could be re-drafted.
2. The proposed approach was also discussed at the Asia-Oceania Standard-setters workshop in Tokyo in June 2015.
3. Based on the Board’s feedback on the proposed approach and the feedback obtained from the participants at the Tokyo workshop, NZASB staff have refined the proposed approach to drafting disclosure requirements. This refined approach is presented in a draft chapter for the POD Discussion Paper planned for Q1 2016.
4. Ultimately, feedback received on this chapter of the POD Discussion Paper will inform the Standards level review of disclosures project, which is also part of the Disclosure Initiative. This project is in its early stages, but there are plans to develop a drafting guide to help the IASB and its staff develop disclosure requirements in new or amended Standards.

5. This agenda item consists of one paper as follows:

Agenda Paper 11B	Draft chapter on approach to drafting disclosure requirements for the POD Discussion Paper.
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6. The Board is asked to confirm that the refined approach, and the draft chapter, should be included in the POD Discussion Paper.
7. Note that we are seeking feedback on the overall approach and the language used in the proposed approach to drafting disclosure requirements. We are not seeking feedback on the location or content of the specific disclosure objectives, requirements or examples of information that could be disclosed to meet those disclosure objectives. As explained in the draft chapter, the content and location of disclosure requirements will depend on the outcome of other issues being considered in the POD project, relating to the role and content of the notes to the financial statements.
8. It is therefore proposed that the POD Discussion Paper would also focus on obtaining feedback on the overall approach rather than on the specific examples of disclosure objectives or information that could be disclosed to meet those disclosure objectives.

**Refinements to the proposed approach based on feedback received**

9. Participants at the Tokyo workshop suggested that:
- (a) the first section containing “general” disclosures could be expanded;
  - (b) the wording used in the “general” section should be firmer to indicate that entities are required to disclose some “minimum” information (unless immaterial), which would help to provide consistency (and hence comparability); and
  - (c) the wording used for the other sections should be firmer to indicate that entities are required to assess whether or not additional information should be disclosed and, therefore, should have a reasonable rationale for deciding the extent of their disclosures.

10. These suggestions were also helpful in responding to feedback from IASB members at the April meeting, in relation to tightening the wording used in the proposed approach. In response to this feedback:
- (a) the proposed approach now uses firmer wording that requires disclosure of summary information, subject only to materiality, with additional disclosures required as part of the summary information, to provide a more complete overall picture of the item or transactions concerned; and
  - (b) the wording used in the other sections on additional information also has been tightened to replace “an entity considers disclosing” with “an entity shall consider whether to disclose”, to clarify that entities are required to assess whether or not additional disclosures must be provided to meet the disclosure objective.

### Next Steps

25. If the Board is broadly comfortable with refined approach, and the draft chapter, it is proposed that the draft chapter be included in the POD Discussion Paper, currently planned for Q1 2016.

Question 1
1) Does the Board agree that the refined approach, and the draft chapter, should be included in the POD Discussion Paper?