

AGENDA PAPER

IFRS Advisory Council Meeting

London 23/24 February 2016

Agenda ref 6/7

TOPIC Future of financial reporting break-out session

PRESENTER Hugh Shields (hshields@ifrs.org)

This paper has been prepared for discussion at a public meeting of the IFRS Advisory Council. The views expressed in this paper do not represent the views of the International Accounting Standards Board (the “Board”) or any individual member of the Board. Comments on the application of IFRS Standards do not purport to set out acceptable or unacceptable application of IFRS Standards. Technical decisions are made in public and reported in IASB Update. Comments made in relation to the application of an IFRS Standard do not purport to be acceptable or unacceptable application of that IFRS Standards.

Introduction

1. Future of financial reporting is one of the regular agenda topics at Advisory Council meetings. Over the last couple of years, the Council has discussed and had presentations from [The International Integrated Reporting Council](#), [Corporate Reporting Dialogue](#), [Global Reporting Initiative](#) as well as specific discussions such as on the impact of technology. Throughout those discussions, the Council has advised the IFRS Foundation to have an active role in shaping the future of financial reporting, which the IFRS Foundation had taken on board and reflected in the recent consultation on the Review of Structure and Effectiveness of the IFRS Foundation (Review).
2. As discussed during the session on the Review, the IFRS Foundation plans to dedicate staff resource to the topic of future of reporting and part of its active role also includes regular discussions at the Council meetings such as this one.
3. At this meeting, we have invited several guest speakers:
 - (a) Representatives from the Federation of European Accountants, who will be discussing their recently published paper: Future of Corporate Reporting – creating the dynamics for change. The full consultation paper is available here: [http://www.fee.be/images/FEECogitoPaper - TheFutureofCorporateReporting.pdf](http://www.fee.be/images/FEECogitoPaper_-_TheFutureofCorporateReporting.pdf). Whilst the IFRS Foundation does not intend to formally respond to the consultation, we would like to ask the Council to discuss some of the questions in the paper. Only some of the questions were selected as there is not sufficient time to cover all and

some of the topics were discussed with the Council very recently and separate future discussions are planned (for example on the impact of technology).

- (b) Representative from Financial Stability Board's recently formed Task Force on Climate-related Financial Disclosures. The first meeting of the Task Force took place in early February and they will share with us their objectives and plans.
- (c) Representative from climate change think tank, Carbon Tracker.

Break-out questions

4. Following the presentations from our guests (FEE will be presenting at the end of the first day of the meeting and the climate change disclosure guests at the beginning of second day), we would like the Council members to discuss the following questions in break-out groups:

Question 1: Relevance of financial statements

- a) Do you agree that financial statements have lost, or are losing, some of its relevance? (Question 2.1 in FEE consultation, page 45)
- b) If so, which are the key issues resulting in the declining relevance of financial statements? (Question 2.2 in FEE consultation, page 45)
- c) What are the key steps that should be taken by standard setters and policy makers to foster innovation and enable financial reporting to regain and enhance its relevance? (Question 2.3 in FEE consultation, page 45)

Question 2: Innovation in financial reporting

- a) Do you have any examples of policies that enable innovation from your country? Should these examples be replicated at a European or an international level? (Question 4.5 in FEE consultation, page 76)
- b) How should policy makers and standard setters address the trade-off between standardisation versus innovation? (Question 3.5 in FEE consultation, page 64)
- c) Which obstacles, if any, should policymakers remove to allow for innovation in corporate reporting? (Question 4.1 in FEE consultation, page 76)
- d) Do liability concerns, arising from non-compliance with reporting requirements, form a barrier to innovation? (Question 4.2 in FEE consultation, page 76)
- e) Do you think that the proposed CORE & MORE model could be a way forward for corporate reporting in the future? If not, why not? (Question 3.1 in FEE consultation, page 64)

Question 3. Climate change and financial reporting: What action, if any, should the IASB consider to address calls for more climate related disclosures in financial reporting?