

## The new *Conceptual Framework*—six facts

### 1 A comprehensive framework

The new *Conceptual Framework for Financial Reporting* is a comprehensive framework that discusses all the most important topics that the International Accounting Standards Board needs to think about when it sets IFRS Standards.

### 2 Confirms the objective of financial reporting and clarifies the role of stewardship

The new *Conceptual Framework* confirms the objective of IFRS financial reporting as providing financial information that is useful to investors and others when deciding whether to provide resources to a company. It clarifies the role stewardship plays in this objective.

### 3 Emphasises the importance of reporting financial performance

The new *Conceptual Framework* emphasises that investors need information about both:

- financial performance—income and expenses; and
- financial position—assets, liabilities and equity.

It also gives guidance on reporting financial performance.

### 4 Improves the concepts for reporting assets, liabilities, income and expenses

The definitions of assets and liabilities in the new *Conceptual Framework* focus on a company's rights and obligations. The new *Conceptual Framework* states that decisions on what information to report about assets, liabilities, income and expenses should be based on what is useful to investors.

### 5 Introduces guidance on measurement

The new *Conceptual Framework* explains how to decide when assets and liabilities should be measured using historical cost and when they should be measured at current value. It states that those decisions should be based on which measure would provide useful information to investors.

### 6 Helps the Board to set Standards, but is not itself a Standard

The new *Conceptual Framework* provides up-to-date tools that will help the Board in setting IFRS Standards. It underpins the Standards but does not override them.