

February 2015

International Financial Reporting Standards



AP6 Disclosure Initiative: project update

CMAC
27 February 2015

Purpose of this session

- To provide you with an overview of the activities and projects that collectively make-up the IASB's Disclosure Initiative.
- For the Principles of Disclosure project, obtain feedback on:
 - whether the issues addressed respond to investors' concerns about disclosures;
 - whether there are any topics you think are missing from the current project; and
 - what topics are of most interest to you as investors.

Disclosure Initiative overview

Why a project? What is the disclosure problem?



Disclosure Initiative

Completed projects

Ongoing activities

Implementation project

Research projects

Amendments to IAS 1

Digital reporting

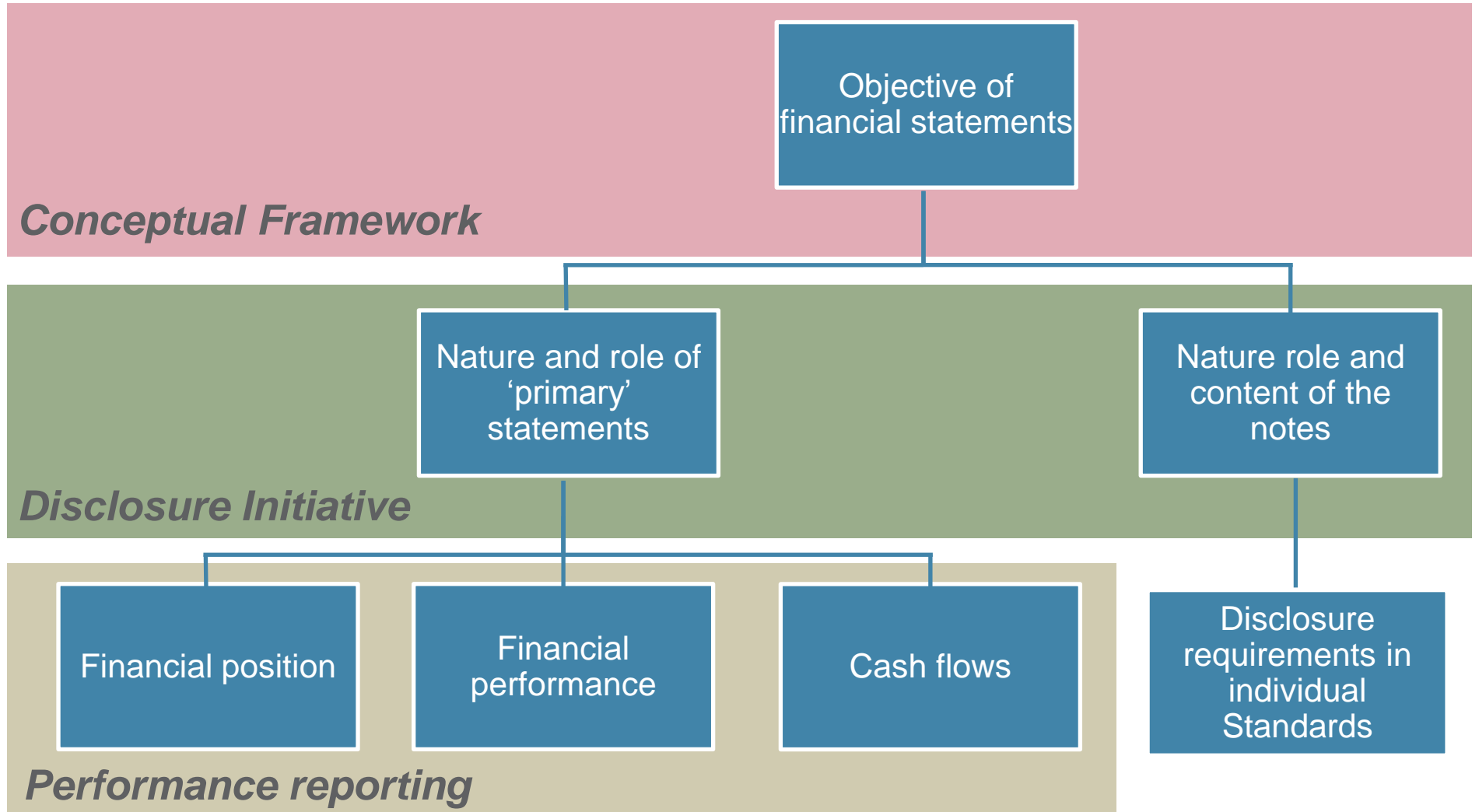
Proposed amendments to IAS 7 'debt reconciliation'

Materiality

Principles of Disclosure

Review of existing Standards/
Drafting guide

Disclosure Initiative – relationship with other projects



Disclosure Initiative: Research projects

Why

- Concern that materiality is not well applied in practice
 - lack of judgement about what disclosures to include or exclude
- Contributes to two aspects of the ‘disclosure problem’:
 - disclosure overload;
 - not enough relevant information.

Output

- Practice Statement (non-authoritative)
 - help preparers make materiality judgements
- Section in the *Principles of Disclosure* Discussion Paper:
 - definition of materiality; and
 - threshold, definition of a user.

Why

- Requests for the IASB to develop presentation and disclosure principles that apply across IFRS
- A better 'disclosure framework' in IFRS will result in improved disclosures because it will help:
 - the IASB set better disclosure requirements in IFRS; and
 - entities make better judgements about what and how to disclosure information.

Output

- Discussion Paper
 - Overall principles and specific issues
 - Ultimate goal is to produce a disclosure standard (IFRS) dealing with the basic structure and content of financial statements
 - Redevelop parts of IAS 1 *Presentation of financial statements* and IAS 8 *Accounting policies, changes in accounting estimates and errors*
- Education guidance – communication/formatting

Overarching principles

Roles of 'primary' financial statements and the notes

Materiality and aggregation

Communication principles
grouping, ordering and formatting

Specific issues

Non-IFRS information

Disclosure objectives

Consistency/comparability of disclosures

Cross-referencing

Accounting policies

Proportionality

Wider issues

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 (eg initial review covers IAS 16 *Property, Plant and Equipment* and IFRS 3 *Business Combinations*)

Output

- Informs POD/informed by POD
- Appendix to the POD discussion paper
- Potential amendments to Standards
- Drafting guide for new Standards

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Investor Outreach and Feedback

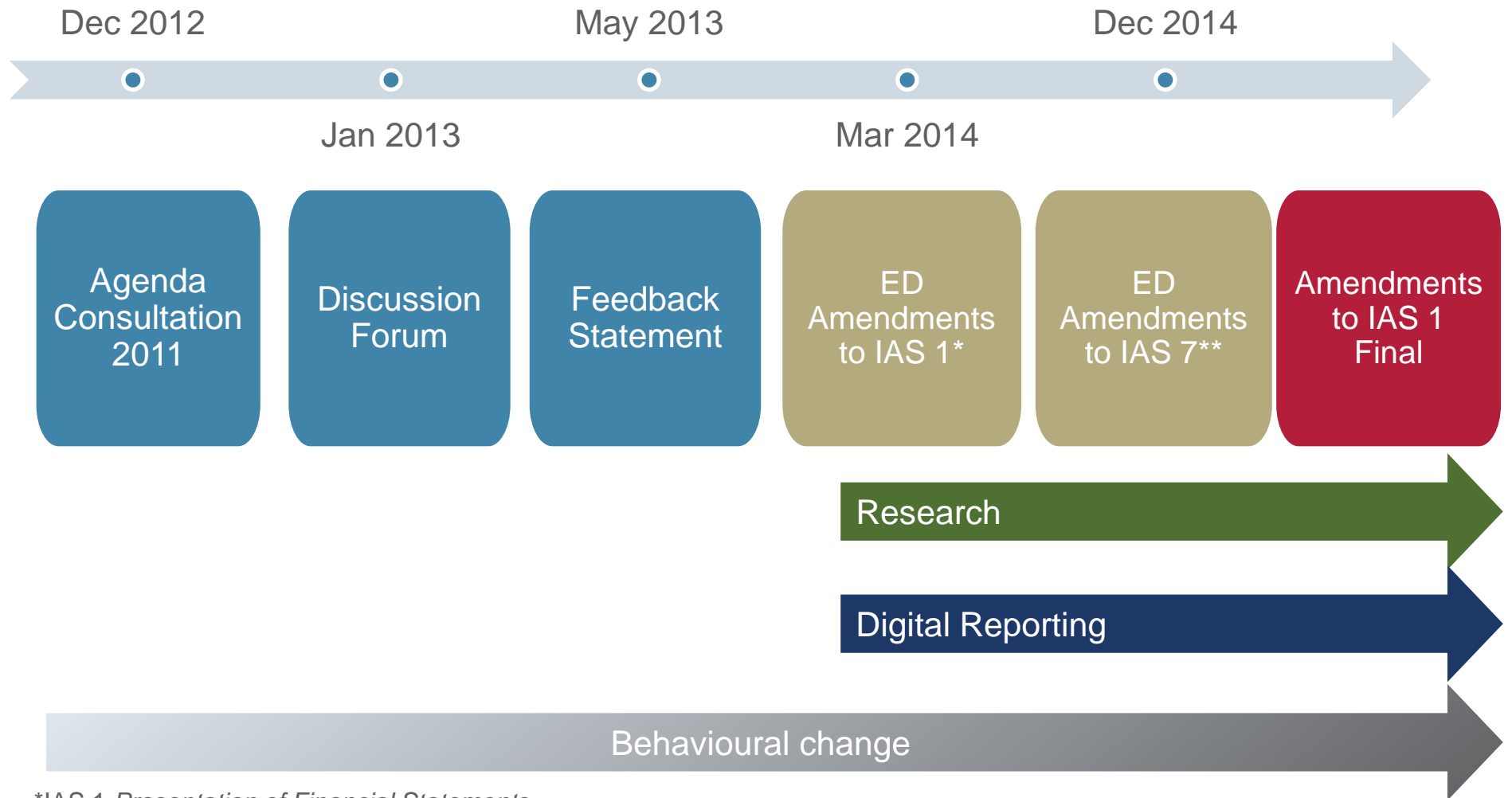
Obtain investor feedback on specific topics in POD prior to publishing the Discussion Paper

- Placement of IFRS information outside financial statements (cross-referencing);
- Disclosure of significant accounting policies;
- Placement of non-IFRS information in financial statements:
 - Primary financial statements; and
 - Notes;
- Requiring disclosures in a specific format, in particular tables.

- Looking at the Disclosure Initiative as a whole, do you think it responds to investors' concerns about disclosures? If not, why not?
- Is our planned investor outreach for the POD project (pre-Discussion Paper) targeting the topics that are of most interest to you?
 - Are there any topics that you think are missing?
 - Do you have other concerns that you would like the IASB to consider?

Appendix - Timelines

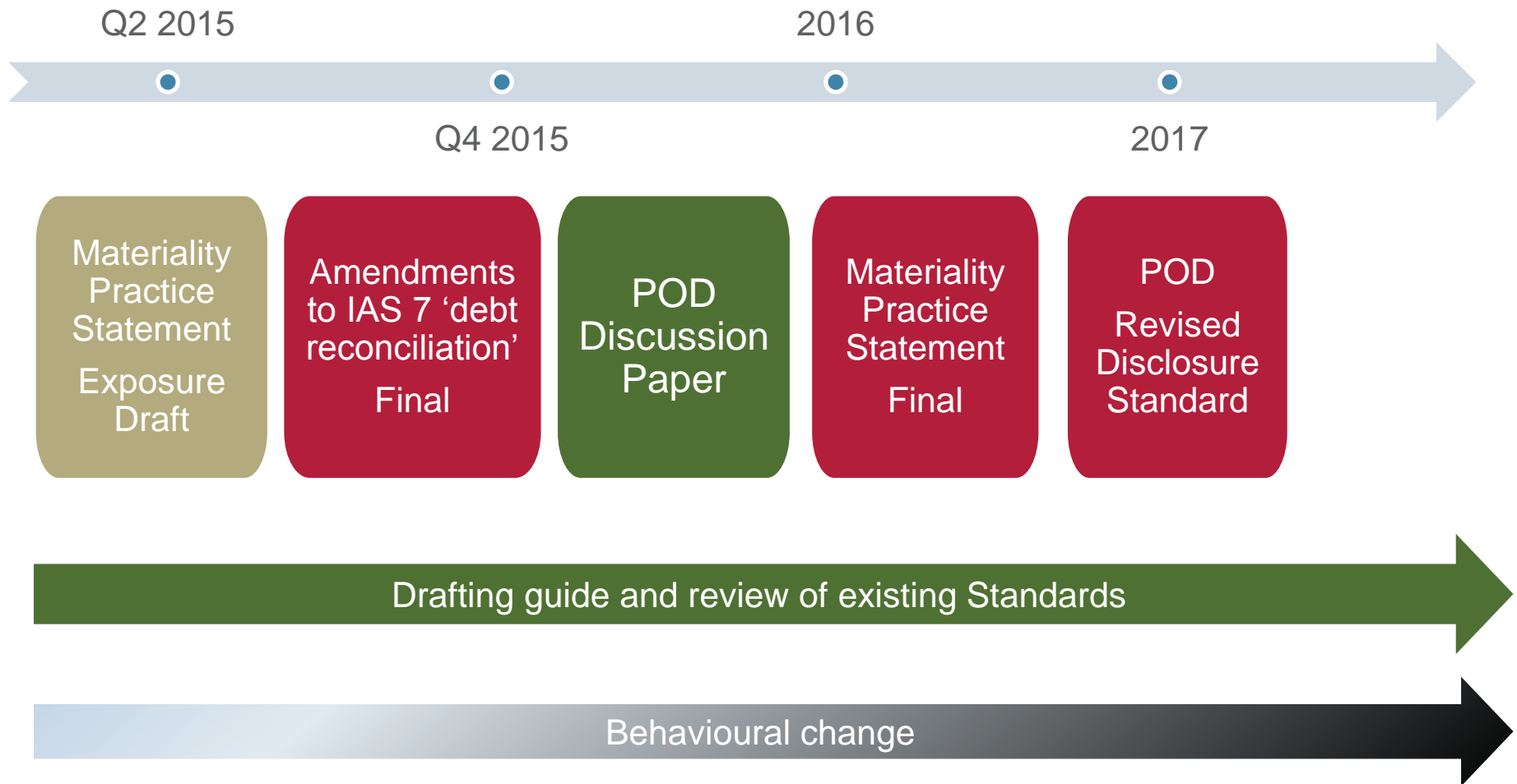
History of the Disclosure Initiative



*IAS 1 *Presentation of Financial Statements*

** IAS 7 *Statement of Cash Flows*

Timeline – looking ahead



individual comments
 questions or
 individual
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question
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