

STAFF PAPER

April 2015

IASB Meeting

Project	Disclosure Initiative
Paper topic	Cover paper
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Purpose of this meeting

1. At this meeting we are planning to discuss topics relating to the following projects in the Disclosure Initiative:
 - (a) Principles of Disclosure (research project); and
 - (b) Materiality (research project).
2. This paper describes:
 - (a) the papers for this meeting;
 - (b) an update on the Principles of Disclosure project; and
 - (c) next steps.

Papers for this meeting

3. The papers that we would like to discuss at this meeting are summarised in the following table.

Agenda Paper	Project	Title	Content
11A	Materiality	Due process steps and permission to ballot the Exposure Draft of a draft Practice Statement	<p>Sets out the due process steps that the IASB has taken before the balloting of the Exposure Draft of the draft Practice Statement Application of Materiality to Financial Statements.</p> <p>Asks the IASB to give permission for the staff to begin the balloting process.</p>
11B	Materiality	Aligning the definition and additional paragraphs for IAS 1	<p>Discusses the content and initial drafting of the alignment of the definition of materiality across IFRS.</p> <p>Discuss the clarifying paragraphs that the staff are proposing to insert into IAS 1 <i>Presentation of Financial Statements</i> on the key characteristics of materiality.</p>
11C	Principles of Disclosure	Aggregation and summarisation of information	<p>Discusses whether additional guidance is needed in a general disclosure Standard about:</p> <ul style="list-style-type: none"> (a) aggregation in the context of presentation in the primary financial statements or in the notes; and (b) summarising information in the notes.
11D	Materiality and Principles of Disclosure	Supporting material to Agenda Paper 11B and Agenda Paper 11C	Draft amendments to IAS 1 illustrating the staff recommendations in Agenda Papers 11B and 11C.

Agenda Paper	Project	Title	Content
11E	Principles of Disclosure	Content of the notes	Discusses the role and content of the notes, including a whether a general disclosure standard should include a central set of disclosure objectives.
11F	Principles of Disclosure (NZASB paper)	Drafting of disclosure requirements - cover paper	Sets out a proposed new approach to drafting disclosure sections of standards.
11G	Principles of Disclosure (NZASB paper)	Drafting of disclosure requirements – IAS 16 <i>Property, Plant and Equipment</i>	Illustrates the application to IAS 16 of a proposed new approach (see Agenda Paper 11F) to drafting disclosure requirements.
11H	Principles of Disclosure (NZASB paper)	Drafting of disclosure requirements – IFRS 3 <i>Business Combinations</i>	Illustrates the application to IFRS 3 of a proposed new approach (see Agenda Paper 11F) to drafting disclosure requirements.
11I	Principles of Disclosure (NZASB paper)	Disclosure principles and objectives	Sets out the disclosure principles and objectives used for developing the redrafted disclosure sections for IAS 16 and IFRS 3 in Agenda Papers 11G and 11H

Update on the Principles of Disclosure project

- The topics we plan to cover in the Principles of Disclosure project are outlined in Appendix A of this paper, which includes a brief description of the current status of each topic.

5. We anticipate completing the main discussions for the Discussion Paper in Q2 of 2015. The current work plan is targeting the publication of the Discussion Paper in Q4 of 2015.

Next steps

6. In May 2015 we plan to bring papers as part of the Principles of Disclosure project, on the following topics:
- (a) Proportionality of disclosures;
 - (b) Comparability;
 - (c) Distinction between changes in accounting policies and accounting estimates within IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*;
 - (d) Transitional provisions for mandatory changes in accounting policies;
 - (e) Accounting policies—follow-up paper to establish preliminary views; and
 - (f) Non-IFRS Information—follow-up paper to establish preliminary views.

Appendix A—Principles of Disclosure—Proposed topics in the Discussion Paper

Proposed section	Status
1	Concepts for presentation and disclosure in financial statements
The role of the primary financial statements and the notes	<ul style="list-style-type: none"> • Discussed with the IASB in October 2014, followed by a discussion on the role of financial statements excluding the notes in March 2015. • Follow-up discussion on the content of the notes—explanatory and supplementary information in this meeting (Agenda Paper 11E). • Next steps: <ul style="list-style-type: none"> ○ drafting for the Discussion Paper.
Materiality	<ul style="list-style-type: none"> • Discussed with the IASB in November 2014, followed by a discussion on the content and initial drafting of the Practice Statement in March 2015. • Follow-up discussion on aligning the definition and additional paragraphs for IAS 1 in this meeting (Agenda Paper 11B & 11D). • Next steps: <ul style="list-style-type: none"> ○ to describe in the Discussion Paper the rationale for retaining the current definition of materiality and to ask for feedback on this issue; and ○ to propose to add a paragraph to IAS 1 clarifying the key characteristics of materiality.
Communication principles	<ul style="list-style-type: none"> • Discussed with the IASB in October 2014. • Next steps: <ul style="list-style-type: none"> ○ drafting for the Discussion Paper; and ○ include a question on whether the communication principles should be part of IFRS or education material.
2	Applying the concepts across a complete set of financial statements
Aggregation/disaggregation	<ul style="list-style-type: none"> • Discussion on aggregation and summarisation of information, linked to the discussion on materiality in this meeting (Agenda Paper 11C & 11D). • Next steps: <ul style="list-style-type: none"> ○ drafting for the Discussion Paper.
Grouping information/cohesive depiction of an entity's activities	<ul style="list-style-type: none"> • Discussed with the IASB in October 2014. • Next steps: <ul style="list-style-type: none"> ○ drafting for the Discussion Paper.
3	Applying the concepts to the notes

Proposed section	Status
Grouping information/cohesive depiction of entity's activities	<ul style="list-style-type: none"> • Discussed with the IASB in December 2014. • Part of the discussion is applicable to a complete set of financial statements (see above). • Next steps: <ul style="list-style-type: none"> ○ drafting for the Discussion Paper.
Consistency/comparability of note disclosures	<ul style="list-style-type: none"> • Discussion with the IASB is planned for May 2015.
Cross-referencing	<ul style="list-style-type: none"> • Discussed with the IASB in July and November 2014. • Next steps: <ul style="list-style-type: none"> ○ drafting for the Discussion Paper.
Format of information	<ul style="list-style-type: none"> • Discussed with the IASB in November 2014. • Next steps: <ul style="list-style-type: none"> ○ drafting for the Discussion Paper; ○ include high-level guidance on formatting, which is applicable across IFRS; and ○ develop educational material on formatting.
Accounting policies	<ul style="list-style-type: none"> • Discussed with the IASB in September 2014: <ul style="list-style-type: none"> ○ decision was made at that meeting to include this section within the Principles of Disclosure project. • Next steps: <ul style="list-style-type: none"> ○ drafting for the Discussion Paper; and ○ discussion with the IASB to establish preliminary views is planned for May 2015.
4 Non-IFRS information in financial statements	<ul style="list-style-type: none"> • Discussed with the IASB in February 2015. • Next steps: <ul style="list-style-type: none"> ○ Follow-up discussion with the IASB to establish preliminary views is planned for May 2015. ○ drafting for the Discussion Paper.
5 Cash flows (research led by the UK Financial Reporting Committee (FRC))	<ul style="list-style-type: none"> • Discussed with the IASB in October and December 2014. • Next steps: <ul style="list-style-type: none"> ○ moved into the Performance Reporting project; and ○ the UK FRC will carry out research jointly with the IASB.
6 Disclosures about changes in accounting policies and estimates (research led by the Italian accounting standard-setter, the OIC)	<ul style="list-style-type: none"> • Discussion with the IASB is planned for May 2015 on: <ul style="list-style-type: none"> ○ the distinction between changes in accounting policies and accounting estimates; and ○ transitional provisions for mandatory changes in accounting policies.
7 Implications of recommendations	<ul style="list-style-type: none"> • Application to existing Standards—discussion on Drafting of disclosure requirements in this meeting (Agenda Paper 11F, 11G, 11H & 11I). (Research led by the NZXRB.) • Overview of potential amendments to IAS 1. • Other implications for an overall review across all Standards.