

STAFF PAPER

June 2015

IASB Meeting

| Project | Disclosure Initiative |
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| Paper topic | Cover paper |
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This paper has been prepared for discussion at a public meeting of the IASB and does not represent the views of the IASB or any individual member of the IASB. Comments on the application of IFRSs do not purport to set out acceptable or unacceptable application of IFRSs. Technical decisions are made in public and reported in IASB *Update*.

Purpose of this meeting

1. At this meeting we are planning to discuss topics relating to the amendments to IAS 7 and to the Principles of Disclosure projects within the Disclosure Initiative.
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 | Proposed amendments to IAS 7 | Feedback summary | <p>This paper summarises the main feedback received from comment letters in response to the Exposure Draft <i>Disclosure Initiative</i> (Proposed amendments to IAS 7) ('the ED').</p> <p>The ED also includes proposed changes to the IFRS Taxonomy to reflect the effect of the proposed amendments to IAS 7 <i>Statement of Cash Flows</i>.</p> |
| 11B | Amendments to IAS 7 | Changes in debt final amendments | <p>This paper presents the staff's analysis of the feedback on the ED.</p> <p>The aim of this paper is for the IASB to consider the feedback received on the ED and to agree the next steps for this part of the project.</p> |
| 11C | Principles of Disclosure | Education session: overview of the principles of disclosure project | <p>This paper provides an overview of the Principles of Disclosure project, summarising the tentative decisions the IASB made on the form and content of the <i>Principles of Disclosure</i> Discussion Paper ('the DP').</p> |

| Agenda Paper | Project | Title | Content |
|--------------|--------------------------|---|--|
| 11D | Principles of Disclosure | Review of IAS 8— Restatement of comparatives for mandatory changes in accounting policies | This paper discusses whether the current requirement in IAS 8 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i> to restate all comparative information should be retained as part of the retrospective application requirement for a change in accounting policy upon initial application of an IFRS. |
| 11E | Principles of Disclosure | Review of IAS 8— Guidance issued after 2005: high level summary of application and transitional provisions | This paper provides background information to Agenda paper 11D .It summarises the application and transitional provisions of IFRS guidance issued after 2005 (including Standards, amendments, interpretations and annual improvements). |
| 11F | Principles of Disclosure | Comparability of disclosures | This paper discusses whether a general disclosure Standard (replacement of IAS 1) should include additional guidance on the concept of comparability. |
| 11G | Principles of Disclosure | Non-IFRS Information | This paper discusses definition and presentation of alternative performance measures in financial statements. |

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. We are also providing an overview of the project in the Agenda paper 11C.

5. At its May 2015 meeting, the IASB tentatively decided that when the possible amendments to clarify the distinction between changes in accounting policies and changes in accounting estimates are fully developed, that they should be published as an Exposure Draft and not as part of the forthcoming Principles of Disclosure Discussion Paper. Therefore, this work is being moved to a separate implementation project within the overall Disclosure Initiative. As a first step, we intend to publish an Exposure Draft in Q4 2015.
6. We anticipate completing the main discussions for the Discussion Paper in July 2015. The current work plan is targeting the publication of the Discussion Paper in Q4 of 2015.

Next steps

7. In July 2015 we plan to bring the following papers as part of the amendments to IAS 7 *Statement of Cash Flows* project:
 - (a) Staff analysis on the final amendments on cash restrictions; and
 - (b) Summary of the due process steps and permission for balloting.
8. We are also planning to bring a paper on a proposed wording to clarify the distinction between changes in accounting policies and changes in accounting estimates as a part of the proposed amendments to IAS 8 project.
9. We are also planning to bring a paper as part of the Principles of Disclosure project to summarise the due process and a request for permission to ballot on a Discussion Paper.

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 April 2015. • 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 April 2015. • Next steps: <ul style="list-style-type: none"> ○ drafting for the Discussion Paper. |
| 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. |
| Proportionality/ Differential disclosure guidance | <ul style="list-style-type: none"> • Already been addressed in the recent IAS 1 amendments. This topic will be briefly discussed within the Basis for Conclusions to the Discussion Paper. |
| 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 April 2015. • 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. |

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| 3 | Applying the concepts to the notes | |
| | 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 this meeting (Agenda Paper 11F). |
| | 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 and May 2015: • Next steps: <ul style="list-style-type: none"> ○ drafting for the Discussion Paper. |
| 4 | Non-IFRS information in financial statements | <ul style="list-style-type: none"> • Discussed with the IASB in February 2015. • Follow-up discussion with the IASB to establish preliminary views is planned for this meeting (Agenda Paper 11G). • Next steps: <ul style="list-style-type: none"> ○ 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"> • Discussed with the IASB in May 2015. • Next steps: <ul style="list-style-type: none"> ○ moved into a separate implementation project. Discussion with the IASB on transitional provisions for mandatory changes in accounting policies is planned for this meeting (Agenda Paper 11D & 11E). |
| 7 | Implications of recommendations | <ul style="list-style-type: none"> • Application to existing Standards—discussion of Drafting of disclosure requirements in April 2015 (Research led by the NZXRB). • Overview of the principles of disclosure project —IASB Education session is planned for this meeting (Agenda Paper 11C). |