

World Standard Setters meeting – September 2013 Agenda Paper DIS1

International Financial Reporting Standards

Disclosure initiative An overview

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Background

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Background

Agenda Consultation 2011

- "A disclosure framework is needed to ensure that information disclosed is more relevant to investors and to reduce the burden on preparers"

Discussion Forum

- Obtain views from those in the financial reporting process
- Survey also undertaken

Feedback Statement

- Summarises what we have heard
- Highlights potential next steps for the IASB

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What is the problem?

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What is the disclosure problem?

- Not clear we all agree – many factors contribute, including:

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    graph TD
      A[Unclear Standards] --> D((Disclosure problem))
      B[Asking for more information] --> D
      C[Legal & institutional barriers] --> D
      E[Lack of time and resources] --> D
      F[Lack of communication between preparers and users] --> D
      G[Not applying materiality] --> D
      H[Checklist approach] --> D
    
```

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What is the disclosure problem?

- This has a number of effects, including:

```

    graph TD
      D((Disclosure problem)) --> A[Checklist approach]
      D --> B[Boilerplate language]
      D --> C[Compliance not communication]
      D --> E[Missing disclosures]
      D --> F[Useful information obscured]
      D --> G[Duplication of disclosures]
      D --> H[Poor communication]
    
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Next steps

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Next steps

Disclosure initiative

Short-term steps

Long-term steps

Amendments to IAS 1

Materiality – assessment of existing guidance

Review new EDs disclosure requirements

Research project – IAS 1, IAS 7 and IAS 8 – FSP project

Review of existing Standards

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Amendments to IAS 1

Time

- Short-term project
- First paper to IASB in late Q3

Why

- Perception that some language prevents judgement/requires certain presentations

Response

- Propose amendments to IAS 1

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Amendments to IAS 1—what?

- Clarifying that including immaterial information can obscure material information
- Clarifying that the materiality assessment applies to the whole of the financial statements, including the notes
- Clarifying that materiality applies within a Standard
- Remove language that has been interpreted as prescribing the order of the notes
- Including language which allows more flexibility about where accounting policies are disclosed
- Consider adding a requirement to reconcile net-debt if disclosed

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Interaction with the work of the Interpretations Committee

- The Interpretations Committee have received submissions on the following aspects of IAS 1:
 - Going concern
 - Current/non-current classification for liabilities
 - Presentation of items of other comprehensive income arising from equity accounted investments
- We propose that the timing of the IASB's deliberations on these topics be linked with those of the Disclosure Initiative's short term amendments to IAS 1
- Combined deliberations, and the publication of a combined ED, will be more convenient and efficient for both the IASB and its constituents

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Materiality

Time

- Short-term project
- Start in second half of 2013

Why

- Responding to concern that materiality is not being applied well in practice

Response

- Working with auditors, regulators & others
- Assessing adequacy of existing guidance & propose whether additional guidance is required or not

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Review new disclosure requirements 13

- Time**
 - Short-term project
 - On going
- Why**
 - Responding to comments that the way IFRS disclosure requirements are written contribute to the disclosure problem
- Response**
 - Look at the way new ED disclosure requirements are worded
 - Work with auditors, regulators and preparers

Research project – IAS 1, IAS 7 and IAS 8, and FSP 14

- Time**
 - Longer-term project
 - Start in 2013
- What**
 - Exploratory work on whether the work previously done on the FSP project could form the basis of a research project
 - In parallel with the *Conceptual Framework*
- Outcome**
 - Could, in essence, be a disclosure framework for IFRSs

Standards-level review 15

- Time**
 - Longer-term project
 - Over the next two years
- What**
 - Research project to review disclosure in IFRS more holistically
 - Identify and assess conflicts, duplication and overlaps
- Outcome**
 - Assess whether additional action is required

Timeline

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Draft timeline 17

	2013	2014				Comments
	Q3-Q4	Q1	Q2	Q3	Q4	
Amendments to IAS 1	IASB deliberations	Publish ED			IFRS	Final date of IFRS subject to deliberations, comments, etc.
Materiality	Research	Paper to IASB				Outcome dependent on research
New EDs		On going				
IAS 1, 7, 8 and FSP research	Project plan	Research (possible public research paper)				Potential 2015 Agenda Consultation proposal
Existing standards	Project plan	Research				Potential 2015 Agenda Consultation proposal

Conceptual Framework

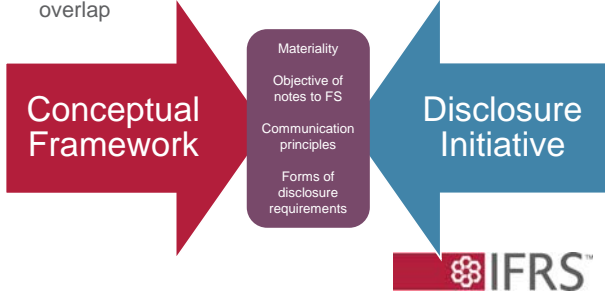
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Conceptual Framework

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- Disclosure project in parallel with Conceptual Framework project. Projects inform each other – some overlap



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Question for WSS

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Question

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- Do you think the Disclosure Initiative is focused on the right projects? If not, what projects would you include or exclude? Please incorporate any feedback you may have received from your constituents.

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Thank you

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questions or comments
expressions of individual views
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