Tuesday 24 September 2013
The Grange City Hotel (London)

Meeting documentation

World Standard-setters Meeting

Smaller group bgqa s qqgm l q: Disclosure

IFRS™

World Standard-setters Meeting

Monday 23 and Tuesday 24 September 2013
The Grange City Hotel (London)

Smaller group discussion
Disclosure

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World Standard Setters meeting – September 2013 Agenda Paper DIS1

International Financial Reporting Standards

Disclosure initiative
An overview

The views expressed in this presentation are those of the presenter, not necessarily those of the IASB or IFRS Foundation.

IFRS

International Financial Reporting Standards

Background

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IFRS

Background

3

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

IFRS

International Financial Reporting Standards

What is the problem?

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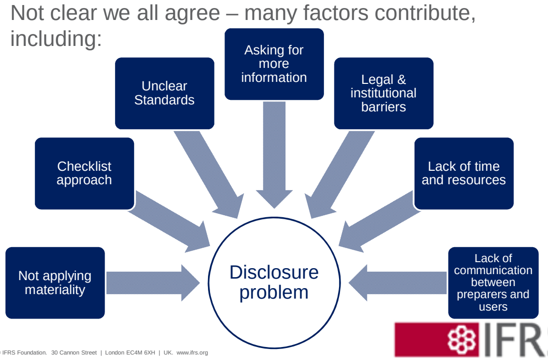
IFRS

What is the disclosure problem?

5

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

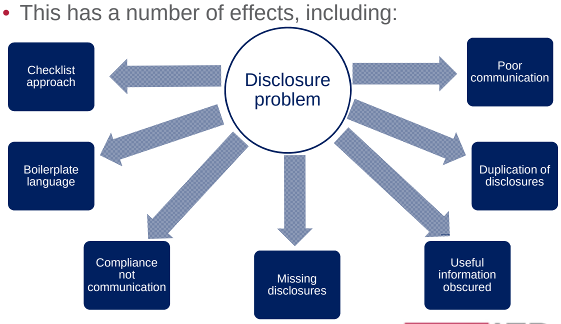


IFRS

What is the disclosure problem?

6

- This has a number of effects, including:



IFRS

International Financial Reporting Standards

Next steps

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IFRS

Next steps

Disclosure initiative

- Short-term steps
  - Amendments to IAS 1
  - Materiality – assessment of existing guidance
  - Review new EDs disclosure requirements
- Long-term steps
  - Research project–IAS 1, IAS 7 and IAS 8 – FSP project
  - Review of existing Standards

IFRS

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

IFRS

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

IFRS

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

IFRS

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

IFRS

Review new disclosure requirements

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

IFRS

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

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

IFRS

Standards-level review

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

IFRS

International Financial Reporting Standards

Timeline

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IFRS

Draft timeline

	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

IFRS

International Financial Reporting Standards

Conceptual Framework

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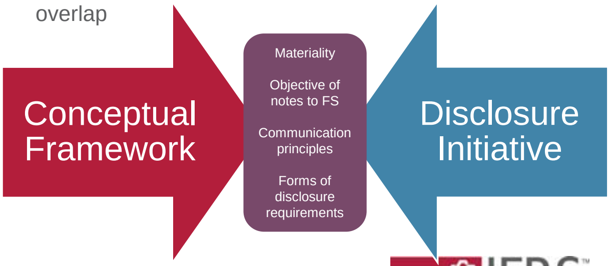
IFRS

Conceptual Framework

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



International Financial Reporting Standards

Question for WSS

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Question

- 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.

Thank you

STAFF PAPER

September 2013

World Standard Setters meeting

Project	**Disclosure Initiative**		
Paper topic	Materiality		
CONTACT(S)	Amy Bannister	abannister@ifrs.org	+44 (0)20 7246 6947
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Background

1. Part of the disclosure problem, identified at the Financial Reporting Disclosure Discussion Forum (the 'Forum') and in the related survey, is that too much irrelevant information is being disclosed in financial statements, ie 'disclosure overload'. Disclosure overload can mean that useful information is obscured and that the connections between disclosures are not obvious.

2. Some are of the view that a main cause of disclosure overload is that the concept of materiality is not being applied as well as it could be in determining what information should be disclosed in the financial statements. We have heard a number of reasons why this may be the case, including:

   (a) the behaviour of those in the financial reporting process, for example:

      (i) preparers adopt a 'better safe than sorry' approach because of litigation and reputational pressures;

      (ii) preparers and auditors use a tick-box approach to disclosure; and

      (iii) regulators challenge the removal of information, even when immaterial;

   (b) the way in which some Standards are drafted suggests that the concept of materiality in IAS 1 *Presentation of Financial Statements* (IAS 1) does not apply to the specific disclosure requirements in that Standard; and

(c) the guidance on materiality in IAS 1 is not as clear as it could be.

3. The Forum and the related survey also highlighted that another aspect of the disclosure problem is that often the “right” information is not being disclosed. Some with this view thought that a better application of materiality should not only result in a reduction in ‘disclosure overload’, but should also result in better (more relevant) information being disclosed, whether required by IFRS or not.

4. Paragraph 7.45 of the Discussion Paper *A Review of the Conceptual Framework for Financial Reporting*, published in July 2013 (the ‘Conceptual Framework 2013 DP’), describes the IASB’s preliminary view that no changes should be made to the concept of materiality. This is because the IASB believes that the concept is clearly described in the existing *Conceptual Framework*. However the IASB also understands that some in the financial reporting chain say that they have difficulty applying the concept of materiality in practice.

5. The materiality requirements currently in IAS 1 are reproduced in Appendix A to this paper

How we plan to address this problem

6. The IASB has two projects that form part of the Disclosure Initiative which plan to address materiality:

(a) amendments to IAS 1; and

(b) assessment of existing materiality guidance in IFRS to determine whether additional guidance is warranted.

7. Some of the problems associated with materiality could also be addressed by the review of existing Standards, a medium-term project under the Disclosure Initiative. For example, Agenda Paper 8B of the September 2013 IASB meeting that discussed IAS 1 amendments (see Agenda Paper DIS4 of this meeting) acknowledged that the terminology ‘at least’/’at a minimum’ in disclosure requirements may be causing problems in practice. However, that paper proposed

to defer research/assessment of that issue to a medium-term review of the Standards.

Amendments to IAS 1

8. This project proposes narrow focus amendments that seek to clarify some existing language and guidance in IAS 1 including some of the guidance relating to the concept of materiality. The proposed amendments on materiality do not intend to change or interpret the materiality requirements, but rather clarify or highlight aspects that we think would improve application of the concept.

9. The proposed narrow focus amendments for materiality aim to:

   (a) clarify that materiality applies to both the primary financial statements and the accompanying notes;

   (b) clarify that disclosures specifically required by Standards and Interpretations are still subject to the materiality requirements in IAS 1; and

   (c) remind preparers and others that providing too much immaterial information can obscure useful information.

10. The proposed amendments are set out in paragraphs 10–35 of Agenda Paper DIS4 for this meeting.

Question 1
Do you think the proposed amendments to IAS 1 will help entities apply the concept of materiality and in doing so help address some of the problems associated with materiality eg disclosure overload?

Assessment of existing guidance on materiality

11. For this part of the Disclosure Initiative, IASB staff plan to work with preparers, auditors and securities regulators to consider whether additional guidance is needed for materiality. The project will consider work already done in this area. If it is determined that additional guidance is needed it could be in the form of application guidance or education material.

12. The materiality part of the project is in its initial stages. Possible issues to be considered include:

    (a) How does the concept of materiality apply to the notes to the financial statements? For example:

        (i) Determining whether an amount within a note disclosure is material;

        (ii) Determining whether a qualitative disclosure is material.

    (b) How does the application of materiality differ in making the following decisions (if at all):

        (i) To correct an error or omission;

        (ii) To make a new disclosure or presentation;

        (iii) To remove an existing disclosure or presentation?

    (c) How does the concept of materiality apply to comparative information?

    (d) Should the concept of materiality incorporate the notion of a collective assessment across disclosures, periods etc? If so, what is meant by a "collective assessment"?

13. The above list of issues is in no way exhaustive and we expect it to develop/change as our research into materiality gets underway.

Question 2

What problems in the application of materiality have you seen in your jurisdiction (if any)? Are these covered by the list of issues in paragraph 12 above? If not, should it be added to the topics to be considered as part of this project?

Question 3

In your jurisdiction, do you think that additional application guidance/education material would be helpful for entities applying the concept of materiality to their IFRS financial statements?

Appendix A—materiality requirements in IAS 1

14. The following paragraphs are extracts from IAS 1 which relate to the materiality requirements.

7 …

Material Omissions or misstatements of items are material if they could, individually or collectively, influence the economic decisions that users make on the basis of the financial statements. Materiality depends on the size and nature of the omission or misstatement judged in the surrounding circumstances. The size or nature of the item, or a combination of both, could be the determining factor.

…

15 Financial statements shall present fairly the financial position, financial performance and cash flows of an entity. Fair presentation requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the *Framework*. The application of IFRSs, with additional disclosure when necessary, is presumed to result in financial statements that achieve a fair presentation.

17 In virtually all circumstances, an entity achieves a fair presentation by compliance with applicable IFRSs. A fair presentation also requires an entity:

(a) to select and apply accounting policies in accordance with IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*. IAS 8 sets out a hierarchy of authoritative guidance that management considers in the absence of an IFRS that specifically applies to an item.

(b) to present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information.

(c) to provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance.

29 An entity shall present separately each material class of similar items. An entity shall present separately items of a dissimilar nature or function unless they are immaterial.

30 Financial statements result from processing large numbers of transactions or other events that are aggregated into classes according to their nature or function. The final stage in the process of aggregation and classification is the presentation of condensed and classified data, which form line items in

the financial statements. If a line item is not individually material, it is aggregated with other items either in those statements or in the notes. An item that is not sufficiently material to warrant separate presentation in those statements may warrant separate presentation in the notes.

31 An entity need not provide a specific disclosure required by an IFRS if the information is not material.

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STAFF PAPER

September 2013

World Standard Setters meeting

Project	**Disclosure Initiative**		
Paper topic	Amendments to IAS 1		
CONTACT(S)	Amy Bannister	abannister@ifrs.org	+44 (0)20 7246 6947
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Background

1. The Discussion Forum on Financial Reporting Disclosure (the 'Forum'), which the IASB held in January 2013, explored opportunities to see how disclosures can be improved and simplified within the existing disclosure requirements. The Forum also aimed to identify shorter term projects that could be undertaken to help alleviate some of the problems identified with disclosure in financial reporting.

2. A number of concerns about disclosure were raised at the Forum, in the agenda consultation and in research carried out for the IASB, which the IASB staff think could be addressed by making clarifying, narrow focus amendments to IAS 1 *Presentation of Financial Statements*.

What we are doing

September 2013 IASB meeting

3. In September, the IASB staff took a paper proposing some narrow focus amendments to IAS 1 (we have included this paper as Agenda Paper DIS4, for this meeting). Some of these amendments relate to materiality and these have been discussed as part of Agenda Paper DIS2 for this meeting.

4. The other amendments proposed in that IASB September 2013 paper aim to address what the IASB staff view as excessively literal interpretations of some of the guidance in IAS 1:

    (a) ‘IAS 1 requires specific line items to be presented in the primary financial statements with disaggregation of those line items not permitted’ (paragraphs 54 and 82 of IAS 1);

    (b) ‘an entity cannot deviate from the order of notes to the financial statements listed in paragraph 114 of IAS 1’; and

    (c) ‘the threshold for disclosing significant accounting policies is lower because of the income taxes example in paragraph 120 of IAS 1’.

    These are discussed in paragraphs 36–69 of that paper.

5. Although the IASB staff think that these proposed changes are relatively modest and some may question whether they are needed at all, we do think that they could help to address some problems that we understand have arisen in practice.

Question 1
Do you think that these proposed amendments will help to alleviate some of the problems with disclosure specified in Agenda Paper DIS1?

Question 2
Are there any other narrow focus amendments that you think could be made to IAS 1 which we have not identified which could be proposed in this project?

Net debt

6. The following was noted in the Feedback Statement for the Forum:

> Over the last five years investors have consistently asked the IASB to introduce a requirement that entities must disclose and explain their net debt reconciliation. This is an example where users think that adding a requirement might reduce clutter by specifying about how debt information should be disclosed.
>
> Currently, the debt-related disclosure requirements are perceived as being scattered through the financial statements and not connected. The IASB will consider proposing to add such a requirement to IAS 1.

7. IASB staff is planning on taking a paper to the IASB in October 2013 about 'net debt' disclosures.

8. Net debt information was discussed by the IASB in late 2009/early 2010 as part of Phase B of the Financial Statement Presentation project. However, that project was paused and the tentative decisions regarding net debt were not taken forward into an Exposure Draft.

9. We are interested in the use of 'net debt' disclosures in different jurisdictions and how that information is required or whether it is made voluntarily. We are also interested in WSS views about how net debt reconciliations should be approached in IFRS.

Question 3

a) Is there a requirement for a 'net debt reconciliation' or similar in your local GAAP?

b) If so:

    i. Is it required or permitted?

    ii. Is 'net debt' defined?

Question 4

a) Should the IASB consider proposing a net debt reconciliation requirement in IFRS?

b) If so:

   i. Should it be required or expressly permitted?

   ii. Should the IASB define ‘net debt’ or should it be defined by the entity applying the requirement?

STAFF PAPER

September 2013

World Standard Setters meeting

Project	Disclosure Initiative		
Paper topic	Amendments to IAS 1 – September 2013 IASB paper		
CONTACT(S)	Amy Bannister	abannister@ifrs.org	+44 (0)20 7246 6947
	Kristy Robinson	krobinson@ifrs.org	+44 (0)20 7246 6933

1. Enclosed is Agenda Paper 8B from the September 2013 IASB meeting.

STAFF PAPER

September 2013

IASB Meeting

Project	**Disclosure Initiative**
Paper topic	Amendments to IAS 1

CONTACT(S)	Amy Bannister	abannister@ifrs.org	+44 (0)20 7246 6947
	Kristy Robinson	krobinson@ifrs.org	+44 (0)20 7246 6933

Introduction

1. This paper sets out potential amendments to IAS 1 *Presentation of Financial Statements*. The proposed amendments are designed to address matters related to disclosure that were brought to the attention of the IASB during the agenda consultation and in research carried out for the IASB. These specific matters were summarised in the Discussion Forum: Financial Reporting Disclosure (the 'Discussion Forum') Feedback Statement[1] (the 'Feedback Statement') and form part of a short-term step in the IASB's Disclosure Initiative.

2. Other matters related to IAS 1 identified in the Feedback Statement that are not included in this paper, namely net debt reconciliations and the presentation of subtotals of IFRS recognised amounts such as EBIT and EBITDA, will be brought to the IASB for consideration in October.

Structure of this paper

3. This paper is structured as follows:

   (a) Purpose of paper (paragraphs 6–8)

   (b) Summary of staff recommendations (paragraph 9)

   (c) Proposed IAS 1 amendments (paragraphs 10–69)

[1] *Discussion Forum – Financial Reporting Disclosure: Feedback Statement* – May 2013

(i) Materiality and aggregation

(ii) Information to be presented in the statement of financial position

(iii) Notes: presentation order

(iv) Notes: disclosure of accounting policies.

4. The possible IAS 1 amendments are ordered by the paragraph numbers in IAS 1 to which they relate. Proposed wording is shown at the end of each section with new text underlined and deleted text struck through.

5. For more information about the background of the Disclosure Initiative and next steps, please see Agenda Paper 8A.

Purpose of paper

6. This paper sets out some of the proposed amendments to IAS 1 that seek to address concerns raised during the agenda consultation, in research carried out for the IASB and during the Discussion Forum and related survey.

7. These amendments are intended to clarify, rather than significantly change, existing IAS 1 requirements. In most cases the proposed amendments respond to what IASB staff view as excessively literal interpretations of the wording in IAS 1. For example, in one of the cases we discuss, the words 'normally present' appear to have been read by some applying IFRS to mean any other presentation is abnormal and therefore not acceptable.

8. While we were undertaking our analysis, the staff did question whether these changes were necessary. However, the IASB has been told that the matters we are addressing here are a problem in practice. We think that the relatively modest amendments to the wording of IAS 1 will address the problems that have emerged in practice. We think the problems are due in part to inconsistent or unclear wording, compounded by the absence of a Basis for Conclusions for the particular paragraph.

Summary of staff recommendations

9. In this paper, we recommend that:

   (a) additional guidance should be added to the materiality section of IAS 1 to clarify that the concept of materiality should be applied to the specific disclosure requirements set forth in a Standard or Interpretation. This materiality assessment should be made in addition to determining whether any related amounts should be recognised or presented in the primary financial statements. (see paragraphs 12-27);

   (b) wording should be included in the materiality paragraphs of IAS 1 to increase awareness of how disclosing immaterial information could obscure useful information (see paragraphs 31-35);

   (c) paragraphs 54 and 82 of IAS 1 should be amended to clarify that the line items listed in paragraphs 54 and 82 respectively of IAS 1 can be disaggregated and should be disaggregated if it provides relevant information (see paragraphs 36—0~~48~~);

   (d) paragraph 114 of IAS 1, including subparagraph 114(c), should be amended to clarify that the order shown in that paragraph is not a requirement, but an example. We also recommend that wording should be included in paragraph 113 of IAS 1 to emphasise that an entity should consider the impact on both understandability and comparability when determining the order of the notes to the financial statements (see paragraphs 49-62); and

   (e) paragraph 120 of IAS 1 should be amended to remove the income taxes accounting policy example (see paragraphs 63-69).

Proposed IAS 1 amendments

Materiality and aggregation—paragraphs 29-31 of IAS 1

10. The structure of the materiality and aggregation section of this paper is as follows:

    (a) Current wording in IAS 1

    (b) Staff analysis and recommendations regarding changes to IAS 1 in response to:

        (i) the misconception that disclosures specifically required by IFRS are not subject to materiality guidance in IAS 1 (paragraphs 18–27); and

        (ii) the concern that too much detail can obscure useful information (paragraphs 31–35).

Current wording

11. Below are relevant extracts from IAS 1 about materiality and aggregation.

> **Materiality and aggregation**
>
> **15 Financial statements shall present fairly the financial position, financial performance and cash flows of an entity. Fair presentation requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the *Framework*. The application of IFRSs, with additional disclosure when necessary, is presumed to result in financial statements that achieve a fair presentation.**
>
> 17 In virtually all circumstances, an entity achieves a fair presentation by compliance with applicable IFRSs. A fair presentation also requires an entity:
>
> (a) …
> (b) …
> (c) to provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance.
>
> **29 An entity shall present separately each material class of similar items. An entity shall present separately items of a dissimilar nature or function unless they are immaterial.**

30	Financial statements result from processing large numbers of transactions or other events that are aggregated into classes according to their nature or function. The final stage in the process of aggregation and classification is the presentation of condensed and classified data, which form line items in the financial statements. If a line item is not individually material, it is aggregated with other items either in those statements or in the notes. An item that is not sufficiently material to warrant separate presentation in those statements may warrant separate presentation in the notes.
31	An entity need not provide a specific disclosure required by an IFRS if the information is not material.

Staff analysis and recommendations

12. Part of the disclosure problem identified at the Discussion Forum and from the related survey is that too much irrelevant information is being disclosed in financial statements, ie 'disclosure overload'. Disclosure overload can mean that useful information is obscured and that the connections between disclosures are not obvious.

13. Some are of the view that a main cause of disclosure overload is that the concept of materiality is not being applied as well as it could be in determining what information should be disclosed in the financial statements. We have heard a number of reasons why this may be the case, including:

    (a) the behaviour of those in the financial reporting process, for example:

        (i) preparers adopt a 'better safe than sorry' approach because of litigation and reputational pressures;

        (ii) preparers and auditors use a tick-box approach to disclosure; and

        (iii) regulators challenge the removal of information, even when immaterial;

    (b) the way in which some Standards are drafted suggests that the concept of materiality in IAS 1 does not apply to the specific disclosure requirements in that Standard; and

    (c) the guidance on materiality in IAS 1 is not as clear as it could be.

14. Paragraph 7.45 of the Discussion Paper *A Review of the Conceptual Framework for Financial Reporting*, published in July 2013 (the 'Conceptual Framework 2013 DP'), describes the IASB's preliminary view that no changes should be

made to the concept of materiality. This is because the IASB believes that the concept is clearly described in the existing *Conceptual Framework*. However the IASB also understands that some in the financial reporting chain say that they have difficulty applying the concept of materiality in practice.

15. As part of the Disclosure Initiative, IASB staff plan to work with preparers, auditors and securities regulators to start a project on materiality. The project will consider work already done in this area with a view to recommending whether additional guidance is needed.

16. The Disclosure Initiative will also consider how disclosure requirements in new Exposure Drafts are drafted along with a longer-term project to perform a thorough and comprehensive review of the presentation and disclosure requirements in existing Standards (paragraph 13(b)).

17. However, we also think that amendments that clarify some aspects of IAS 1 could address some of the specific problems we have heard with regard to applying the materiality guidance in that Standard (paragraph 13(c)). The following paragraphs 18-35 describe those problems and how we propose to address them.

Misconception: disclosures specifically required by an IFRS are not subject to materiality guidance in IAS 1

18. The Feedback Statement noted the following:

> The IASB has been told that some people think that the statement about not needing to disclose information if it is not material [paragraph 31 of IAS 1] means that an entity does not need to disclose an item in the primary financial statements… but instead must disclose it in the notes.
>
> ……
>
> The IASB is aware that some people think that the statement in paragraph 31 of IAS 1 … relates to assessing whether something in the statement of financial position or statement of profit or loss and other comprehensive income is material. If it is a material amount, those people believe that this triggers a requirement to disclose everything about that item that is set out in the related

> Standard – IFRS 2 *Share-based Payment* is the most quoted example.

19. We think that the views described in paragraph 18 above are different aspects of the same misconception, namely that:

    (a) materiality is assessed only within the context of primary financial statements; and

    (b) that disclosures in the notes to the financial statements specifically required by IFRS are not subject to paragraph 31 of IAS 1.

20. In our view, the concept of materiality applies both to the primary financial statements[2] and to the accompanying notes. Paragraph 31 of IAS 1 makes this clear by specifically referring to "disclosure required by an IFRS". Because IFRS relates to financial statements as a whole, it would be incorrect to limit the application of paragraph 31 of IAS 1 to information provided in the primary financial statements.

21. Our interpretation is consistent with recent tentative views expressed by the IASB in paragraph 7.11 of the Conceptual Framework 2013 DP:

> 7.11 'Disclosure' has a broader meaning than presentation. Disclosure is the process of providing useful financial information about the reporting entity to users. The financial statements, including the amounts and descriptions presented in the primary financial statements and the information included in the notes to the financial statements, are, as a whole, a form of disclosure

22. In addition, we think that paragraph 31 of IAS 1 is clear that materiality applies within a Standard, by referring to "a **specific** disclosure required by an IFRS" [emphasis added], not to a Standard as a whole. Consequently, an entity should separately assess the materiality of information provided by individual disclosure requirements within an IFRS. This means that even if an amount is material

[2] Paragraph 7.14 of the Conceptual Framework 2013 DP identified the 'primary financial statements' as: the statements of financial position, the statement of profit or loss and OCI (or the statement of profit or loss and the statement of comprehensive income, the statement of changes in equity and the statement of cash flows. We have used that same definition in this paper.

relative to a primary financial statement, an entity need not make a related disclosure specified in IFRS if the information provided by that disclosure is not material.

23. However, we understand that there is also a perceived conflict between the materiality requirements in IAS 1 and the way in which disclosure requirements are worded. For example, the disclosure requirements in paragraphs 44-45 of IFRS 2 are as follows:

> 44 **An entity shall disclose information that enables users of the financial statements to understand the nature and extent of share-based payment arrangements that existed during the period.**
>
> 45 To give effect to the principle in paragraph 44, the entity shall disclose at least the following….

We are told that by saying that an entity shall disclose **at least/at a minimum** and then providing a list of disclosures leads some applying IFRS to conclude that it is difficult for a general materiality statement in IAS 1 to override the specific requirements in an IFRS.

24. Other examples of where the conflicting wording appears include:

(a) Related parties/related party transactions;

(b) Financial instrument disclosures;

(c) Level 3 fair value measurements; and

(d) Operating segments.

Relevant extracts for these Standards are shown in Appendix A to this paper.

25. None of these Standards includes a Basis for Conclusions supporting why the IASB chose the 'at a minimum' wording. We therefore think that amending these disclosure requirements to change/remove the 'at a minimum'/'at least wording' requires further research and assessment. We also think that it would be better to amend the language of disclosure requirements during one project so changes are not made piecemeal and are more consistent.

26. Consequently, we think that amending the specific disclosure requirement wording of Standards should be undertaken during the broader review of Standards' disclosure requirements. This is a medium-term research project under the Disclosure Initiative (see Agenda Paper 8A).

27. However, we recommend that additional guidance should be added to the materiality section of IAS 1 to clarify that the concept of materiality should be applied to the specific disclosure requirements set forth in a Standard or Interpretation. This materiality assessment should be made in addition to determining whether any related amounts should be recognised or presented in the primary financial statements. Making it clear in IAS 1 that materiality applies to the specific disclosure requirements within a Standard could help to alleviate some of the problems currently seen in practice.

Proposed wording

Materiality and aggregation

31 An entity need not provide a specific disclosure required by an IFRS <u>in the financial statements, including the notes to the financial statements,</u> if the information is not material.

31A <u>When an entity determines that a matter addressed by a Standard or Interpretation is material, it need not provide a specific disclosure that is set forth in that Standard or Interpretation if the information that would be provided by that specific disclosure is not material.</u>

Question 1

Does the IASB agree with the proposed amendments to paragraph 31 of IAS 1 and the insertion of a new paragraph 31A to IAS 1 for the reasons stated in paragraphs 12-27 above?

28. We received a suggestion that paragraph 31 of IAS 1 be amended to reemphasise that materiality needs to be assessed both individually and collectively. This would reinforce the definition of material omissions provided in paragraph 8 of IAS 1:

> ***Material Omissions* or misstatements of items are material if they could, individually or collectively,**

> **influence the economic decisions that users make on the basis of the financial statements…**

29. The following draft wording was suggested:

> An entity need not provide a specific disclosure required by an IFRS <u>in the financial statements, including the notes to the financial statements,</u> if the information is not material <u>both on an individual basis and on a collective basis. In the collective assessment the entity assesses if the omission of a specific disclosure combined with the omission of other specific disclosures that are individually not material could influence the economic decisions that users make on the basis of the financial statements.</u>

30. However, we have not included these additional words in our recommended amendments to paragraph 31 of IAS 1 because we think they provide guidance on what assessing materiality on a collective basis means and therefore think that this would be better placed in the other project on materiality under the Disclosure Initiative.

Concern: too much detail can obscure useful information

31. As discussed in paragraphs 12-13, too much irrelevant information was highlighted as part of the disclosure problem. The following was noted in the Feedback Statement:

> More recent Standards have included a statement explaining that too much detail can obscure useful information–ie an explanation about why materiality should filter out entity-specific information that is not relevant to the users of the financial statements of a particular entity.
>
> The IASB will be asked to consider adding a similar explanation to IAS 1. Although this will not change the meaning of, or interpret, materiality, it should bring a stronger focus on the existing words by explaining why they are important.

32. Providing too much irrelevant/immaterial information can obscure useful information included in financial statements and therefore make useful information less visible and potentially less understandable.

33. Recent Exposure Drafts have reinforced this point, for example the Regulatory Deferral Account Exposure Draft:

> 23 If any of the disclosures set out in paragraphs 25–33 are not considered relevant to meet the requirements in paragraph 22, they may be omitted from the financial statements. If the disclosures provided in accordance with paragraphs 25–33 are insufficient to meet the requirements in paragraph 22, an entity shall disclose additional information that is necessary to meet those requirements.
>
> 24 To meet the disclosure requirements in paragraph 22, an entity shall consider all of the following:
>
> (a) whether the rate-regulated activities are material to the financial performance or position of the entity;
>
> (b) the level of detail that is necessary to satisfy the disclosure requirements;
>
> (c) how much emphasis to place on each of the various requirements;
>
> (d) how much aggregation or disaggregation to undertake; and
>
> (e) whether users of financial statements need additional information to evaluate the quantitative information disclosed.

Similar wording was included in the recent Insurance Contracts Exposure Draft.

34. We think that similar language to that quoted in paragraph 33 of this paper should be included in the materiality paragraphs of IAS 1. The purpose would be to focus preparers and auditors on the fact that providing too much immaterial information can obscure useful information. We think this could help to change

some of the behavioural aspects of the disclosure problem highlighted in paragraph 13(a).

35. We do not recommend including a requirement for immaterial information not to be disclosed because we think such a requirement would not be operational. However we recommend that wording should be included in the materiality paragraphs of IAS 1 to increase awareness of how disclosing immaterial information could obscure useful information.

Proposed wording

Materiality and aggregation

29 An entity shall present separately each material class of similar items. An entity shall present separately items of a dissimilar nature or function unless they are immaterial.

30 Financial statements result from processing large numbers of transactions or other events that are aggregated into classes according to their nature or function. The final stage in the process of aggregation and classification is the presentation of condensed and classified data, which form line items in the financial statements. If a line item is not individually material, it is aggregated with other items either in those statements or in the notes. An item that is not sufficiently material to warrant separate presentation in those statements may warrant separate presentation in the notes.

<u>30A</u> <u>An entity shall decide, in the light of its circumstances, how much detail it provides to satisfy the information needs of users, how much emphasis it places on different aspects of the requirements and how it aggregates the information. An entity shall aggregate or disaggregate disclosures so that useful information is not obscured by either the inclusion of a large amount of immaterial detail or the aggregation of items that have different characteristics.</u>

Question 2

Does the IASB agree with the proposed amendments to paragraph 30 of IAS 1 for the reasons stated in paragraphs 31-35 above?

Information to be presented in the statement of financial position– paragraph 54

Current wording

54	**As a minimum, the statement of financial position shall include line items that present the following amounts:** **(a) …;** **(c) intangible assets**; **(d) …;** **(h) trade and other receivables;** **(i) …;** **(k) trade and other payables;** **(l) …;** **(r) ….**
55	**An entity shall present additional line items, headings and subtotals in the statement of financial position when such presentation is relevant to an understanding of the entity's financial position.**

Staff analysis and recommendations

36. The Feedback Statement noted the following:

> IAS 1 has some very specific disclosure items that some preparers seem reluctant to adapt, or are discouraged from adapting to the specific circumstances of their entity. They are simple things such as requirements to disclose intangible assets (including goodwill), trade and other receivables, and trade and other payables.
>
> The consensus among preparers and users is that an entity should be able to present, on the face of the primary financial statements, goodwill as a separate item and then other intangible assets, or trade receivables as separate items. Many preparers think that IAS 1 prevents them from doing so or that they must use the specific terms used in IAS 1.

37. The current wording of paragraph 54 of IAS 1 could be interpreted as requiring the line items listed in that paragraph to be presented in the statement of financial position exactly as shown. However, as noted in the Feedback Statement, there is a view held by some preparers and users that an entity should have more

flexibility when presenting line items in the statement of financial position and other primary financial statements.

38. If an entity is more flexible in presentation of the line items in the statement of financial position, the line items could be presented in a more entity-specific and therefore, potentially more appropriate manner. However, some have noted their concern about allowing greater flexibility. For example, some users noted that they are required to analyse many sets of financial statements at speed and allowing greater flexibility decreases their ability to do this and also decreases comparability between entities and between periods for the same entity.

39. We note that paragraph 54 of IAS 1 requires the disclosure of those line items **at a minimum**. It does not prohibit an entity from disaggregating those line items on the statement of financial position so that the 'minimum' requirement is represented by two or more line items.

40. In addition, paragraph 55 of IAS 1 states that an entity should present additional line items if relevance is thereby increased. This again implies that the line items listed in paragraph 54 of IAS 1 should be disaggregated (thereby presenting additional line items) if doing so is relevant to an understanding of the entity's financial position.

41. The Guidance on Implementing of IAS 1, Part I: *Illustrative presentation of financial statements* shows an example of a statement of financial position with goodwill shown as a separate line item and other intangible assets shown as another line item. This therefore implies that the intention of paragraph 54 of IAS1 is not to require presentation of specific line items as listed; instead, it means that disaggregation of those line items is permitted.

42. We also note paragraph 57(a) and paragraph 58 of IAS 1(among others) which again state/imply that additional line items can be presented:

> 57 This Standard does not prescribe the order or format in which an entity presents items. Paragraph 54 simply lists items that are sufficiently different in nature of function to warrant separate presentation in the statement of financial position. In addition:

(a) line items are included when the size, nature of function of an item or aggregation of similar items is such that separate presentation is relevant to an understanding of the entity's financial position; and ….

58 An entity makes the judgement about whether to present additional items separately on the basis of an assessment of: …

43. Although we note the concern raised by some about consistency, we do not think that amending IAS 1 to state more explicitly that the list in paragraph 54 of IAS 1 is not a strict prescriptive list will contradict the intention of this paragraph.

44. Although we think that IAS 1 is clear that additional line items can be presented in the statement of financial position we recognise that others have not interpreted it in this way. Therefore to respond to the understanding that IAS 1 paragraph 54 has been interpreted as prohibiting separating the line items listed, we think that additional language could be included to further clarify that they can be.

45. We therefore recommend that paragraph 54 of IAS 1 should be amended to clarify that the line items listed in that paragraph can be disaggregated and should be disaggregated if it provides relevant information.

Proposed wording

54 As a minimum, the statement of financial position shall include line items that present the following amounts:

(a) …;

(c) intangible assets;

(d) …;

(h) trade and other receivables;

(i) …

(k) trade and other payables;

(l) …;

(r) ….

<u>**An amount listed above should be disaggregated if it provides relevant information, and the disaggregated amounts should be presented separately. For example, separate line items for "goodwill" and "other intangible assets" could replace "intangible assets" listed in subparagraph (c) above.**</u>

55	**An entity shall present additional line items, headings and subtotals in the statement of financial position when such presentation is relevant to an understanding of the entity's financial position.**

46. We also note that paragraph 82 of IAS 1 contains a similar list of information to be presented in the profit or loss section or the statement of profit or loss:

> **82 In addition to items required by other IFRSs, the profit or loss section or the statement of profit or loss shall include line items that present the following amounts for the period:**
>
> **(a) revenue;**
>
> **(aa) gains and losses arising from the recognition of financial assets measured at amortised cost;**
>
> **(b) finance costs;**
>
> **…**
>
> **(ea) …**

47. We note that this paragraph does not include the 'at a minimum' wording; however, paragraph 85 of IAS 1 contains a similar requirement to paragraph 55 of IAS 1

> **85 An entity shall present additional line items, headings and subtotals in the statement(s) presenting profit or loss and other comprehensive income when such presentation is relevant to an understanding of the entity's financial performance.**

48. Consequently, we also recommend that paragraph 82 of IAS 1 should also be amended to be consistent with paragraph 54.

Question 3
Does the IASB agree with the proposed amendment to paragraph 54 of IAS 1 for the reasons stated in paragraphs 36-0~~48~~? Do you also agree that a similar amendment should be made to paragraph 82 of IAS1?

Notes: presentation order—paragraphs 113 and 114 of IAS 1

Current wording

113 An entity shall, as far as practicable, present notes in a systematic manner. An entity shall cross-reference each item in the statements of financial position and in the statement(s) of profit or loss and other comprehensive income, and in the statements of changes in equity and of cash flows to any related information in the notes.

114 An entity normally presents notes in the following order, to assist users to understand the financial statements and to compare them with financial statements of other entities:

(a) statement of compliance with IFRSs (see paragraph 16);

(b) summary of significant accounting policies applied (see paragraph 117);

(c) supporting information for items presented in the statements of financial position and in the statement(s) of profit or loss and other comprehensive income, and in the statements of changes in equity and of cash flows, in the order in which each statement and each line item is presented; and

(d) other disclosure, including:

(i) contingent liabilities (see IAS 37) and unrecognised contractual commitments, and

(ii) non-financial disclosures, eg the entity's financial risk management objectives and policies (see IFRS 7).

Staff analysis and recommendations

49. The Feedback Statement noted the following in relation to presentation order:

> Investor respondents to the IASB survey and participants at the Discussion Forum told the IASB that they want to be able to see how disclosures are related. They consider the financial statements to be disjointed, making it difficult to connect relevant information together.
>
> …
>
> Some preparers told the IASB that this perception of 'normal' [that paragraph 114 of IAS 1 prescribes an order] makes it difficult for an entity to present the explanatory notes in order of importance or to present related information together in cohesive sections…

50. As noted, the IASB has heard that saying 'normally presents' in paragraph 114 of IAS 1 has been interpreted as a requirement that entities must present in this way. As noted in the Feedback Statement, this could mean that an entity feels prevented from:

    (a) varying the order of the notes, for example, to a more entity-specific way such from the most important to the entity to the least important; and

    (b) combining disclosures, for example, combining the accounting policy for financial instruments with the notes for financial instruments.

51. Some users have indicated that an entity-specific order or combination of notes to the financial statements can be useful because it allows them to identify what is important to the reporting entity and its management.

52. We also note that in the survey on financial reporting disclosure that we carried out earlier this year, user respondents noted that 'poor communication' was a key cause of the disclosure problem with 79 per cent of those who responded to the question either agreeing or strongly agreeing.

53. We also asked users about a number of potential different causes of 'poor communication', including:

User response	Strongly agree & agree	Indifferent	Strongly disagree & disagree
The order of disclosures does not reflect priority or importance	55%	33%	12%
Disclosures throughout the annual report are not linked or connected	79%	9%	12%[3]

54. However, we have heard from other users that the ordering of disclosures should be consistent between entities and from reporting period to reporting period of an entity. One reason is because, owing to the amount of financial statements they have to read in a short space of time, consistency of order helps this to be undertaken as quickly as possible.

55. Mixed views on this topic were also noted by EFRAG in their recent Feedback Statement on the Discussion Paper *Towards a Disclosure Framework for the Notes*:[4]

> Respondents expressed mixed views about the ordering of information. Twelve respondents argued in favour of a standardised ordering, claiming it was more intuitive and less burdensome; eight argued in favour of a more flexible structure that would give prominence to the main transactions and events. Some respondents suggested that having a summary could bridge the two approaches.

56. Paragraph 113 of IAS 1 states that an entity shall, as far as practicable, present notes in a systematic manner. We think that this means that there must be a system (reason) behind the ordering of the notes to the financial statements, which could include, for example, ordering by:

(a) importance to the entity;

(b) line item in the primary financial statements; or

(c) a combination of the above.

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[3] The data in this table does not include those participants who did not respond to this question or answered 'Don't know'.

[4] http://www.efrag.org/files/Disclosure%20Framework/130423_Disclosure_Framework_-_feedback_stmt.pdf

57. We note that the wording in paragraph 114 of IAS 1 states that an entity **normally presents** in a certain manner. However, it does not say that an entity **must** present in that order. We therefore think that the wording was not intended to be interpreted as a requirement to disclose information in the order listed in paragraph 114 of IAS 1, but was instead intended to provide an example of how an entity could order the notes.

58. We also think that the wording in paragraph 114(c) of IAS 1 (that supporting information is presented in the order in which each statement and each line item is presented) is not helpful, because it again reinforces the idea that there is a set order to the notes to the financial statements that is required.

59. We have identified two approaches to how to amend IAS 1 to make the clarification:

    (a) Approach 1: delete paragraph 114 of IAS 1; and

    (b) Approach 2: retain paragraph 114 of IAS 1 but amend the language so it is clearer that the order listed is an example and not a requirement.

60. We think that there are a number of arguments for Approach 1:

    (a) paragraph 113 of IAS 1 contains the requirement for the ordering of the notes (ie presentation in a systematic manner). Because of this, paragraph 114 of IAS 1 may not be necessary; and

    (b) paragraph 114 of IAS 1 only gives one example of the order of notes and therefore this may not be helpful to preparers when they apply the requirement for notes to be presented in a systematic manner.

61. However, deleting paragraph 114 of IAS 1 may be perceived to be a bigger change than we think it actually is. In addition, preparers may find the example of ordering the notes to financial statements shown in paragraph 114 of IAS 1 helpful. Finally, on the basis of what we have heard, users may appreciate the consistency that the example in paragraph 114 of IAS 1 has the potential to create, in the absence of a more useful order of presentation.

62. Consequently, on balance, we recommend that the wording of paragraph 114 of IAS 1, including subparagraph 114(c), should be amended (Approach 2) to clarify that the order shown in that paragraph is not a requirement, but only an example.

We also recommend that wording should be included in paragraph 113 of IAS 1 to emphasise that an entity should consider the impact on both understandability and comparability when determining the order of the notes to the financial statements.

Proposed wording

113 An entity shall, as far as practicable, present notes in a systematic manner <u>that enhances either the understandability or the comparability, or both, of its financial statements.</u> An entity shall cross-reference each item in the statements of financial position and in the statement(s) of profit or loss and other comprehensive income, and in the statements of changes in equity and of cash flows to any related information in the notes.

114 An entity <u>could, for example,</u> ~~normally~~ present~~s~~ notes in the following order, to assist users to understand the financial statements and to compare them with financial statements of other entities:

(a) statement of compliance with IFRSs (see paragraph 16);
(b) summary of significant accounting policies applied (see paragraph 117);
(c) supporting information for items presented in the statements of financial position and in the statement(s) of profit or loss and other comprehensive income, and in the statements of changes in equity and of cash flows, <u>which could be disclosed</u> in the order in which each statement and each line item is presented; and
(d) other disclosures, including:
    (i) contingent liabilities (see IAS 37) and unrecognised contractual commitments, and
    (ii) non-financial disclosures, eg the entity's financial risk management objectives and policies (see IFRS 7).

Question 4

Does the IASB agree with the proposed amendments to paragraphs 113 and 114 of IAS 1 for the reasons stated in paragraphs 49-62?

Notes: disclosure of accounting policies—paragraphs 119-121of IAS 1

Current wording

> 119 In deciding whether a particular accounting policy should be disclosed, management considers whether disclosure would assist users in understanding how transactions, other events and conditions are reflected in reported financial performance and financial position. Disclosure of particular accounting policies is especially useful to users when those policies are selected from alternatives allowed in IFRSs. An example is disclosure of whether an entity applies the fair value or cost model to its investment property (see IAS 40 *Investment Property*). Some IFRSs specifically require disclosure of particular accounting policies, including choices made by management between different policies they allow. For example, IAS 16 requires disclosure of the measurement bases used for classes of property, plant and equipment.
>
> 120 Each entity considers the nature of its operations and the policies that the users of its financial statements would expect to be disclosed for that type of entity. For example, users would expect an entity subject to income taxes to disclose its accounting policies for income taxes, including those applicable to deferred tax liabilities and assets. When an entity has significant foreign operations or transactions in foreign currencies, users would expect disclosure of accounting policies for the recognition of foreign exchanges gains and losses.
>
> 121 An accounting policy may be significant because of the nature of the entity's operations even if amounts for current and prior periods are not material. It is also appropriate to disclose each significant accounting policy that is not specifically required by IFRSs but the entity selects and applies in accordance with IAS 8.

Staff analysis and recommendations

63. Paragraph 117 of IAS 1 requires that significant accounting policies are disclosed. IAS 1 also includes guidance for how an entity should assess whether an accounting policy is significant. For example, paragraphs 119-121 of IAS 1 note the following indicators for assessing whether an accounting policy is significant:

(a) whether disclosure would assist users in understanding how transactions, other events and conditions are reflected in reporting financial performance and position;

(b) the nature of the its operations and the policies that users would expect to be disclosed should be considered by the entity;

(c) disclosure is especially useful when there are accounting policy alternatives in IFRSs;

(d) whether disclosure of the accounting policy is specifically required by a Standard;

(e) the nature of the entity's operations. This is because the accounting policy may be significant even if the current or prior periods amount is not material, ie the disclosure is qualitatively significant; and

(f) that is it appropriate to disclose each significant accounting policy that is not specifically required by IFRSs but that the entity selects and applies in accordance with IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*.

64. However, as noted in the Feedback Statement, IAS 1 then includes language which could be interpreted as contradicting the description of 'significant' given in IAS 1. Specifically, paragraph 120 of IAS 1 states that "users would expect an entity subject to income taxes to disclose its accounting policies for income taxes, including those applicable to deferred tax liabilities and assets".

65. This example seems to contradict the guidance given in IAS 1 (referenced in paragraph 63 above). Most profit-making entities would be assumed to be subject to income taxes over some period during their corporate life. Being liable to income taxes is therefore in the nature of operations for many entities and is unlikely to be entity-specific. Consequently, referencing that a user would expect the accounting policy for income taxes to be disclosed does not seem to be consistent with "the nature of the entity's operations and policies" being an indicator of significance.

66. We do not think that the income tax example given in paragraph 120 of IAS 1 helps preparers to apply the significant accounting policy disclosure requirements in IAS 1 and so it could be unhelpful.

67. We therefore recommend that paragraph 120 of IAS1 should be amended to remove the income taxes accounting policy example.

68. We did consider recommending that a different example should replace the income taxes example. However there are a number of other examples already included in these paragraphs (references to IAS 40 *Investment Property*, IAS 16 *Property, Plant and Equipment* and foreign operations), so we did not think it was necessary.

69. We have also heard that more clarity needs to be given in the guidance for what a significant accounting policy is. Although we acknowledge these requests for greater clarity, we think that determining whether revised guidance is needed would be better placed in the longer-term research project into the replacement of IAS 1, IAS 7 *Statement of Cash Flows* and IAS 8.

Proposed wording

> 120 Each entity considers the nature of its operations and the policies that the users of its financial statements would expect to be disclosed for that type of entity. For example, ~~users would expect an entity subject to income taxes to disclose its accounting policies for income taxes, including those applicable to deferred tax liabilities and assets. W~~ <u>w</u>hen an entity has significant foreign operations or transactions in foreign currencies, users would expect disclosure of accounting policies for the recognition of foreign exchange gains and losses.

Question 5

Does the IASB agree with the proposed amendments to paragraph 120 of IAS 1 for the reasons stated in paragraphs 63-69?

Appendix A–Disclosure requirements in current Standards

A1. The following table shows disclosure requirements in current Standards that use the ‘at a minimum’/’at least’ wording followed by a list of specific disclosures.

Standard		Text
IFRS 2 *Share-based Payment*	**44**	**An entity shall disclose information that enables users of the financial statements to understand the nature and extent of share-based payment arrangements that existed during the period.**
	45	To give effect to the principle in paragraph 44, the entity shall disclose at least the following: …
IFRS 2	**46**	**An entity shall disclose information that enables users of the financial statements to understand how the fair value of the goods or services received, or the fair value of the equity instruments granted, during the period was determined.**
	47	If the entity has measured the fair value of goods or services received as consideration for equity instruments of the entity indirectly, by reference to the fair value of the equity instruments granted, to give effect to the principle in paragraph 46, the entity shall disclose at least the following: …
IFRS 2	**50**	**An entity shall disclose information that enables users of the financial statements to understand the effect of share-based payment transactions on the entity's profit or loss for the period and on its financial position.**
	51	To give effect to the principle in paragraph 50, the entity shall disclose at least the following: …
IFRS 7 *Financial Instruments: Disclosures*	42E	To meet the objectives set out in paragraph 42B(b), when an entity derecognises transferred financial assets in their entirety (see paragraph 3.2.6(a) and (c)(i) of IFRS 9) but has continuing involvement in them, the entity shall disclose, as a minimum, for each type of continuing involvement at each reporting date:

Standard		Text
IFRS 8 ***Operating Segments***	27	An entity shall provide an explanation of the measurements of segment profit or loss, segment assets and segment liabilities for each reportable segment. At a minimum, an entity shall disclose the following: …
IFRS 13 ***Fair Value Measurement***	93	To meet the objectives in paragraph 91, an entity shall disclose, at a minimum, the following information for each class of assets and liabilities (see paragraph 94 for information on determining appropriate classes of assets and liabilities) measured at fair value (including measurements based on fair value within the scope of this IFRS) in the statement of financial position after initial recognition: …
IFRS 13	93	… (h) for recurring fair value measurements categorised within Level 3 of the fair value hierarchy: (i) for all such measurements, a narrative description of the sensitivity of the fair value measurement to changes in unobservable inputs if a change in those inputs to a different amount might result in a significantly higher or lower fair value measurement. If there are interrelationships between those inputs and other unobservable inputs used in the fair value measurement, an entity shall also provide a description of those interrelationships and of how they might magnify or mitigate the effect of changes in the unobservable inputs on the fair value measurement. To comply with that disclosure requirement, the narrative description of the sensitivity to changes in unobservable inputs shall include, at a minimum, the unobservable inputs disclosed when complying with (d). …

Standard	Text	
IAS 24 *Related Party Disclosures*	18	**If an entity has had related party transactions during the periods covered by the financial statements, it shall disclose the nature of the related party relationship as well as information about those transactions and outstanding balances, including commitments, necessary for users to understand the potential effect of the relationship on the financial statements. These disclosure requirements are in addition to those in paragraph 17. At a minimum, disclosures shall include:** …

World Standard-setters Meeting

Monday 23 and Tuesday 24 September 2013

The Grange City Hotel (London)

NOTES