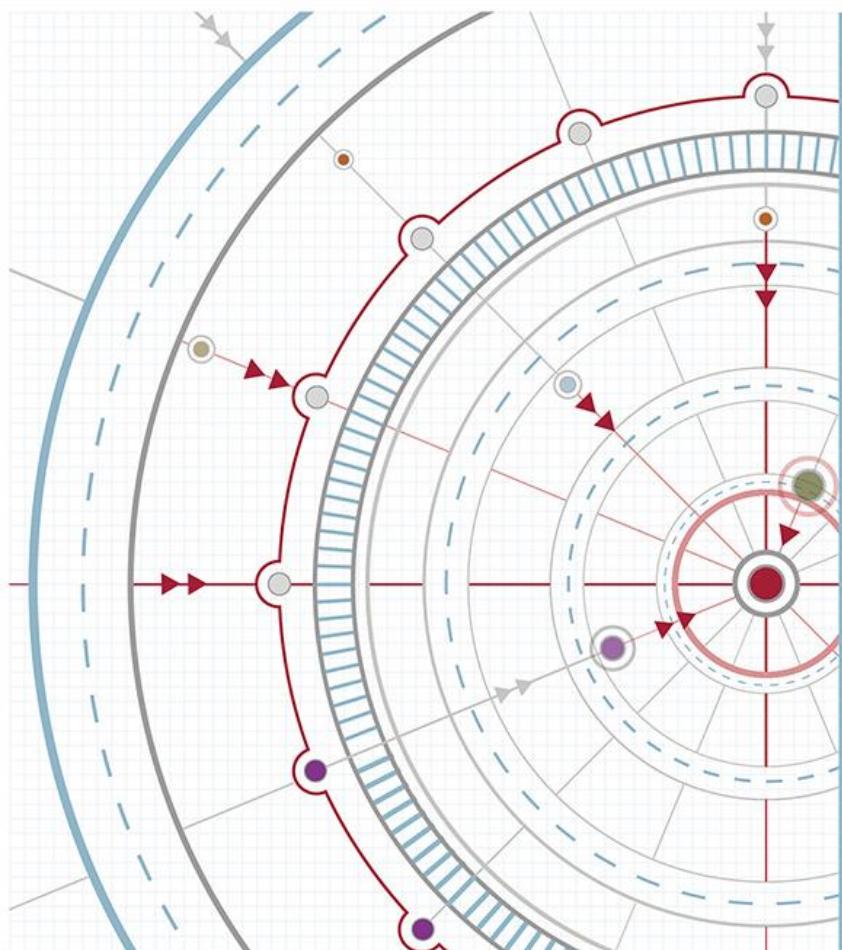


# AP 2 AOSSG Interim Meeting – September 2016

IFRS® Foundation



## Disclosure Initiative: Overview and update

with a focus on the  
forthcoming *Principles of Disclosure Discussion  
Paper*

AOSSG Meeting, London  
Rachel Knubley, Technical Principal

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- Board's theme for 2017-2021—*Better Communication*
  - Includes Disclosure Initiative and other projects.
- Disclosure Initiative—Overview and update
  - Implementation Projects
    - Draft Practice Statement *Application of Materiality to Financial Statements*
    - Amendments to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* Exposure Draft
  - Research Projects
    - *Principles of Disclosure* Discussion Paper
    - Standards-level review of disclosures.
- Disclosure Initiative time line and next steps.

- A central theme for 2017-2021, and will include our work on:
  - primary financial statements
  - the Disclosure Initiative, including projects on principles of disclosure and materiality
  - the IFRS Taxonomy.<sup>TM</sup>
- The scope of some of these projects, such as primary financial statements, is still being developed
  - Other topics, such as materiality, are more advanced.

## Disclosure Initiative

### Completed projects

Amendments  
to IAS 1:  
removing  
impediments  
to exercising  
judgement

Amendments  
to IAS 7:  
changes in  
liabilities from  
financing  
activities

### Implementation projects

Amendments  
to IAS 8:  
accounting  
policy vs  
accounting  
estimate

Materiality  
Practice  
Statement

### Research projects

Principles of  
Disclosure

Standards-  
level review of  
disclosures

Ongoing activities: Digital reporting/IFRS Taxonomy



# Disclosure Initiative—Fitting the projects together

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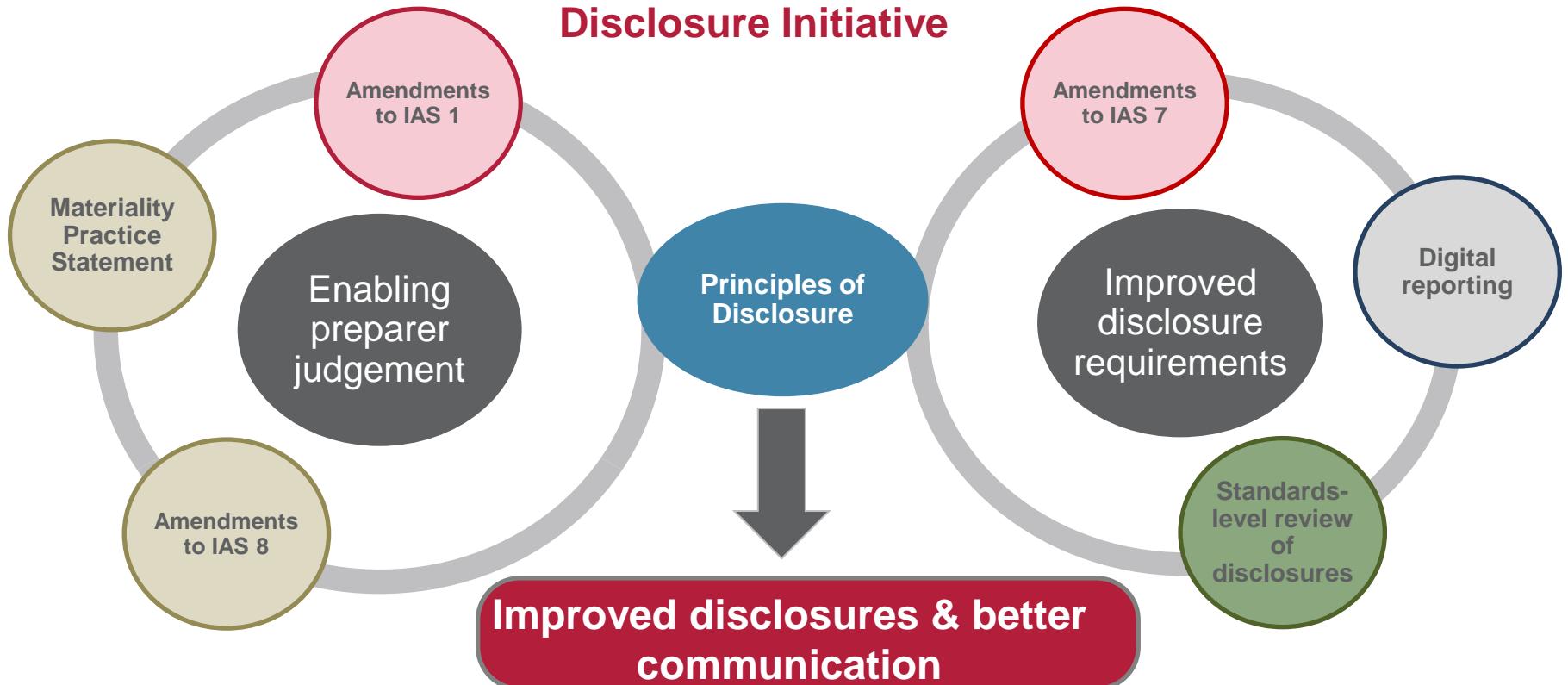
## Disclosure problem?

Too much irrelevant information (overload)

Not enough relevant information

Poor communication

## Disclosure Initiative



# Implementation Projects

- Materiality Practice Statement Exposure Draft
- Amendments to IAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*



## Objective

- Help preparers apply the concept of materiality.

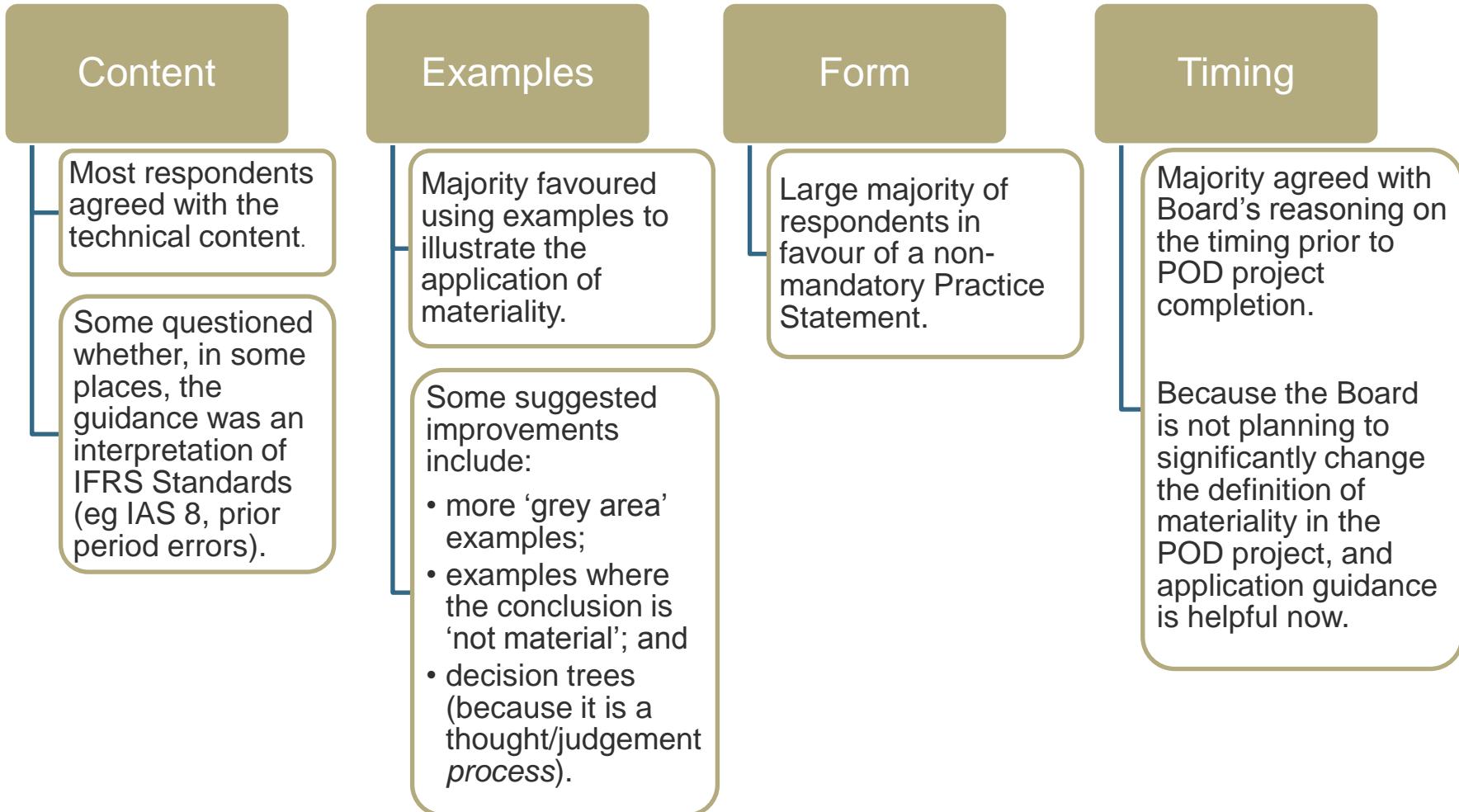


## Contents

- General characteristics of materiality.
- Materiality within the context of disclosing information.
- Materiality within the context of recognition and measurement.
- Does *not* consider possible changes to the definition of materiality (covered in Principles of Disclosure (POD) Discussion Paper).

# Materiality—Draft Practice Statement Feedback

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## Why

- Difficult to distinguish between changes in accounting policies and changes in accounting estimates on the basis of the existing definitions.

## Output

- Proposed amendments to IAS 8 were discussed with the Board in April 2016:
  - clarify how accounting policies and estimates relate to each other
  - clarify the definitions of accounting policies and of changes in accounting estimates
  - add guidance about whether changes in valuation and estimation techniques are changes in accounting estimates
  - update examples of estimates provided in IAS 8.
- Possible Exposure Draft of proposed amendments in late 2016.

# Research Projects

- *Principles of Disclosure*
- Standards-level review of disclosures

Why

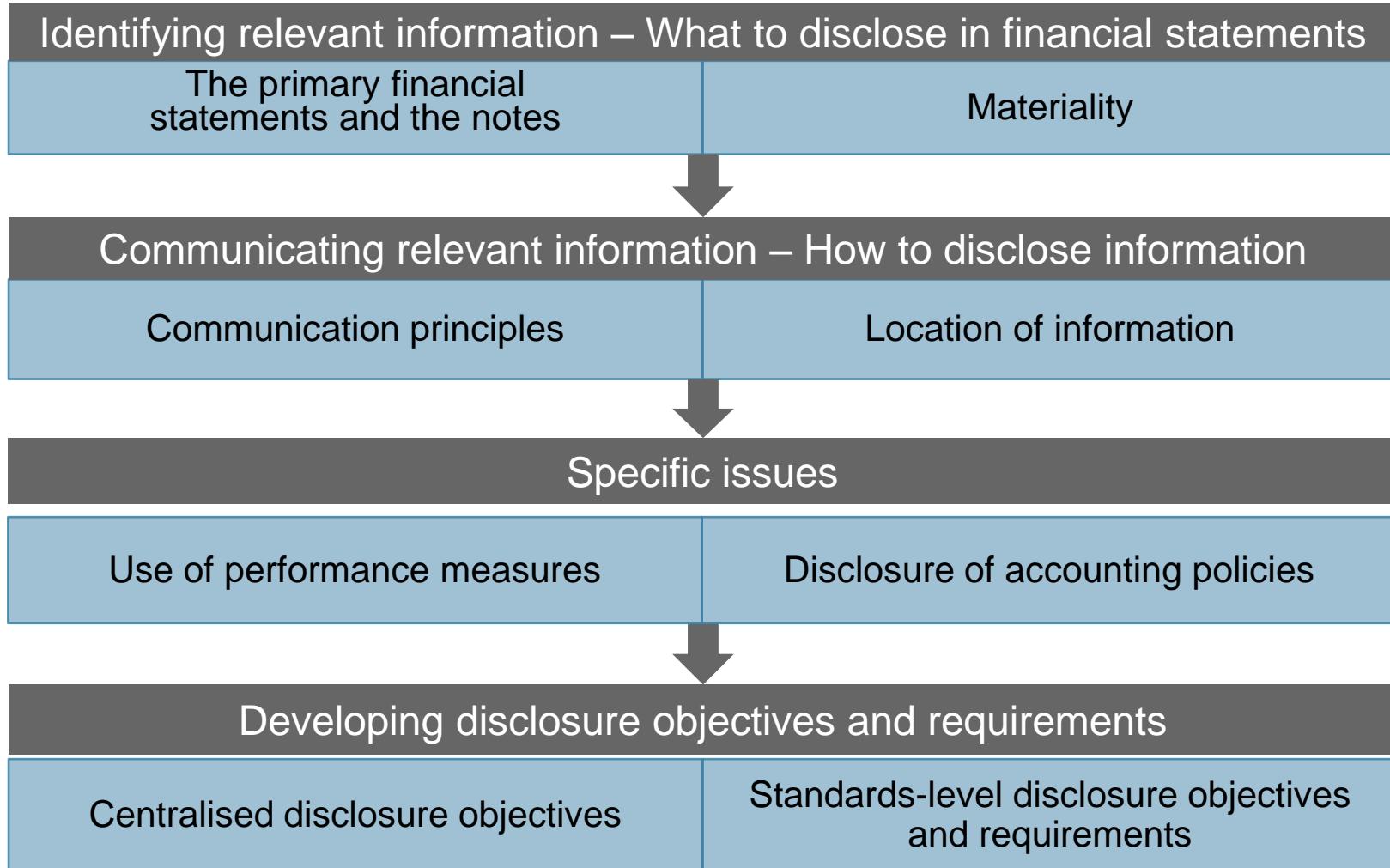
- Purpose is to:
  - enable preparers communicate information more effectively
  - help the Board to set better disclosure requirements
  - improve disclosures for users of financial statements.

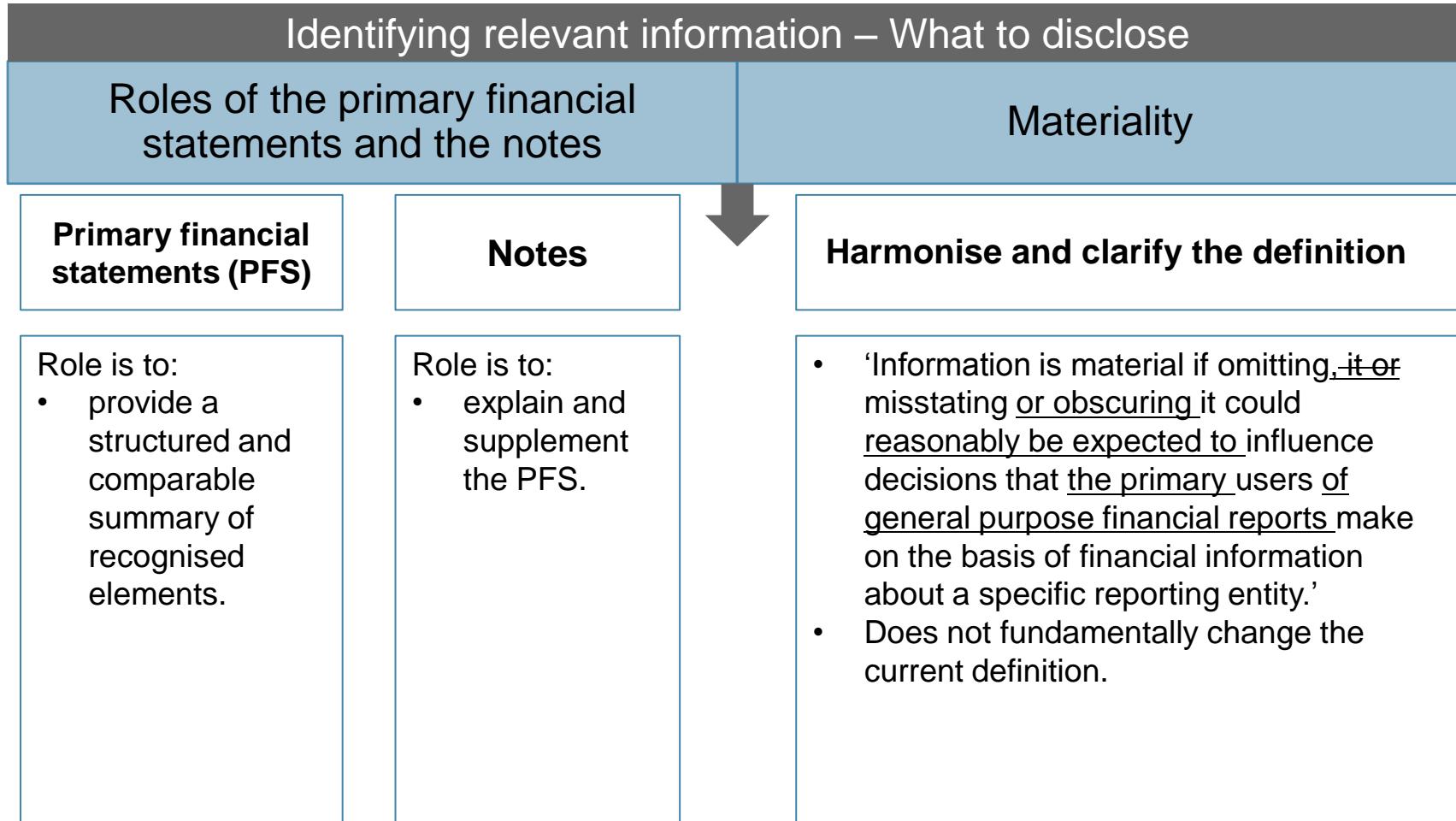
Output

- Disclosure principles that apply across all IFRS Standards.
- Ultimate goal is to produce:
  - a new or revised general disclosure Standard (amend or replace parts of IAS 1)
  - possibly with some supporting guidance/educational material.

# Structure of the POD DP

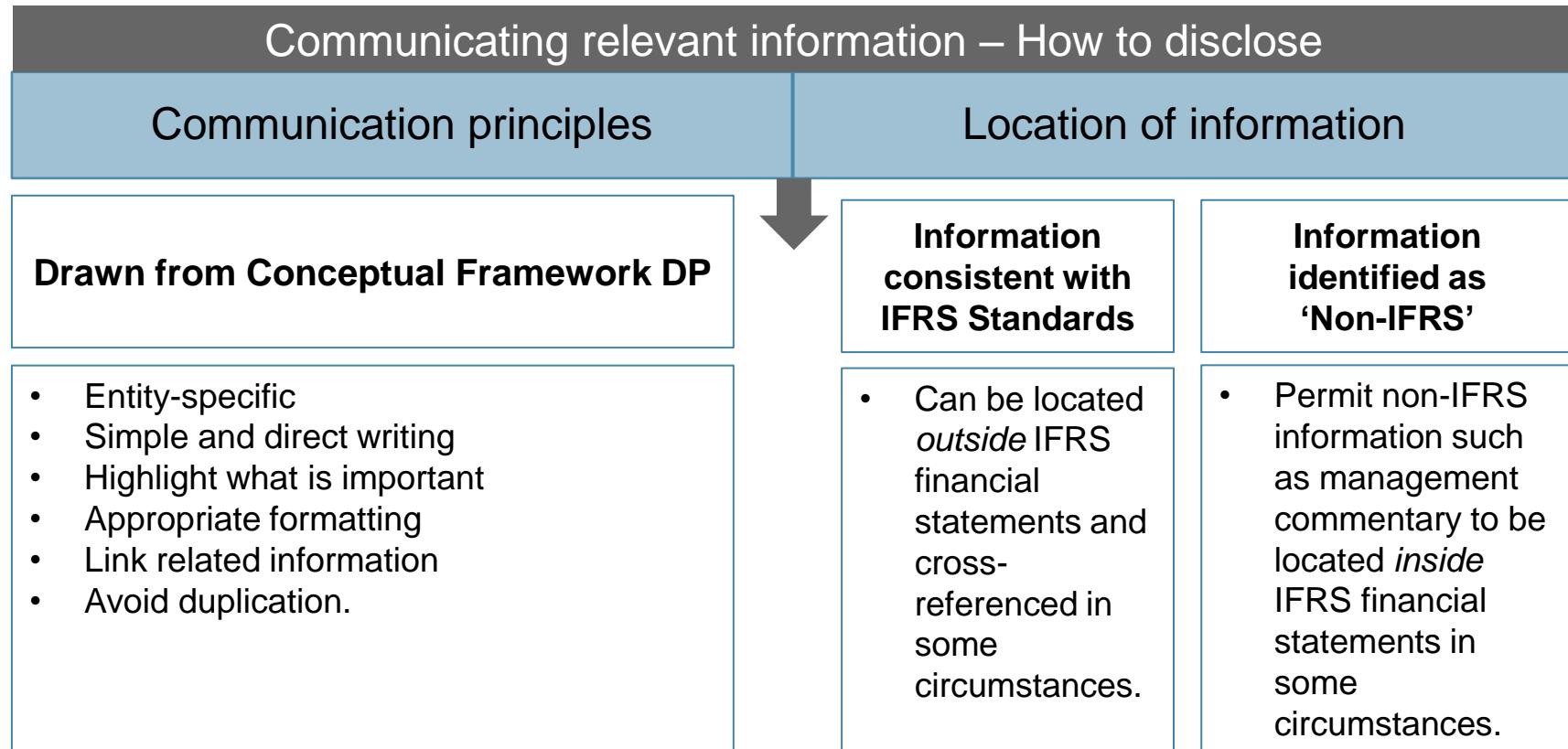
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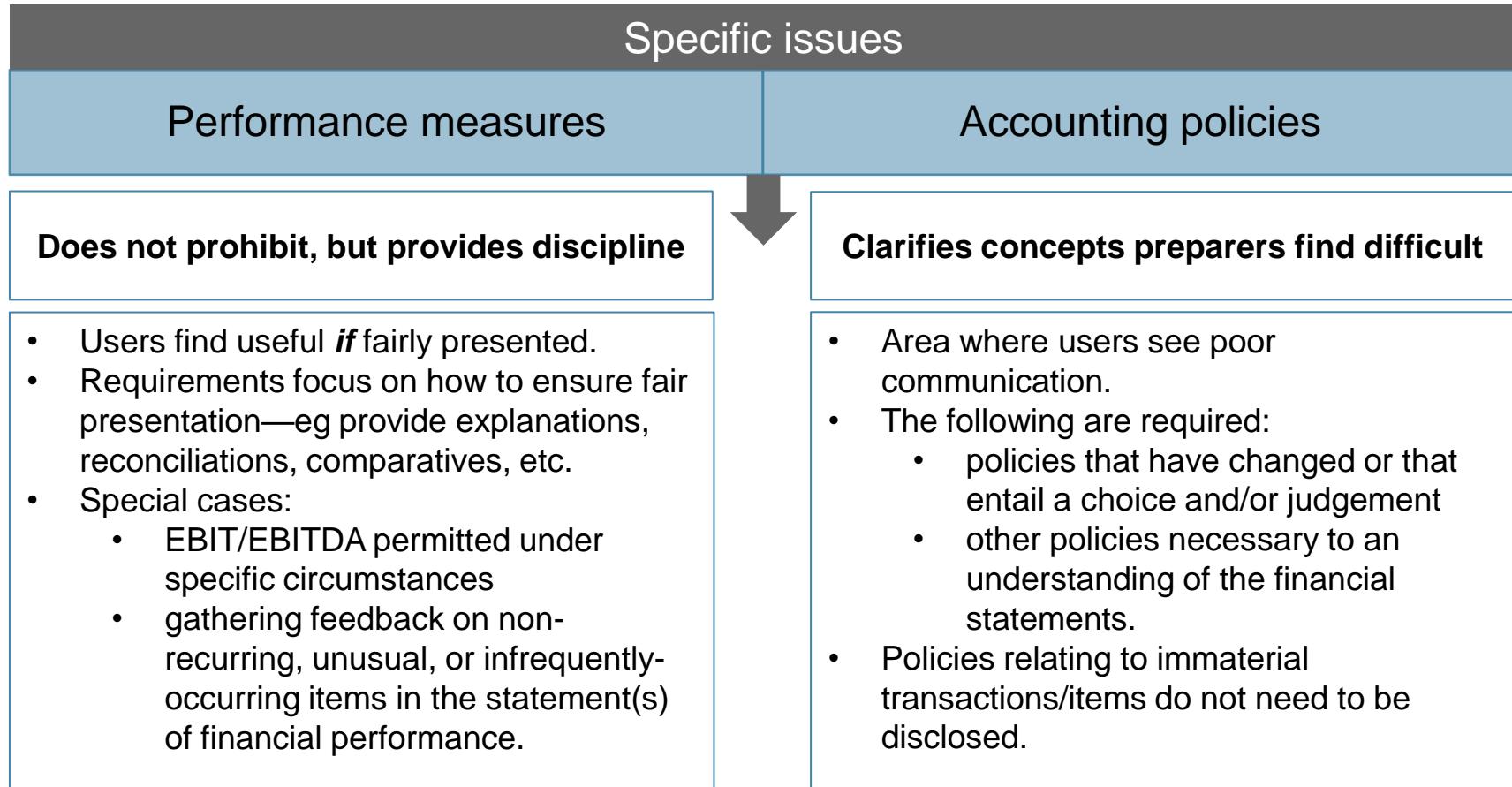
# Content of the POD DP, continued

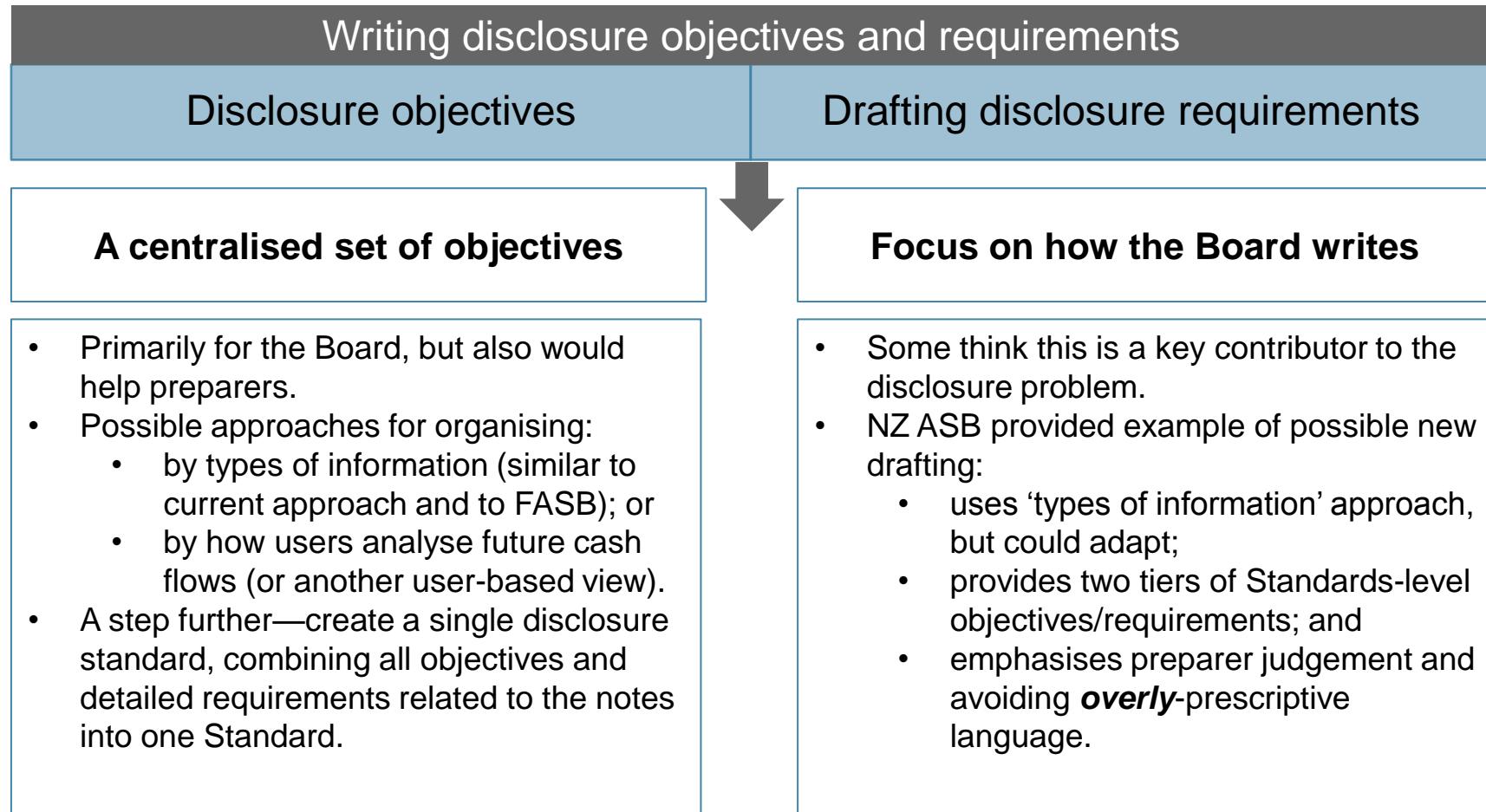
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# Content of the POD DP, continued

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# Standards-level review of disclosures

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Why

The way some disclosure requirements are written has been identified as potentially contributing to the disclosure problem.

Output

- Drafting guide for the Board's use when writing disclosure requirements:
  - will be informed by POD Discussion Paper feedback; and
  - may reflect NZ ASB proposals.
- Test drafting guide against targeted Standards.
- May result in amendments to those Standards.

When

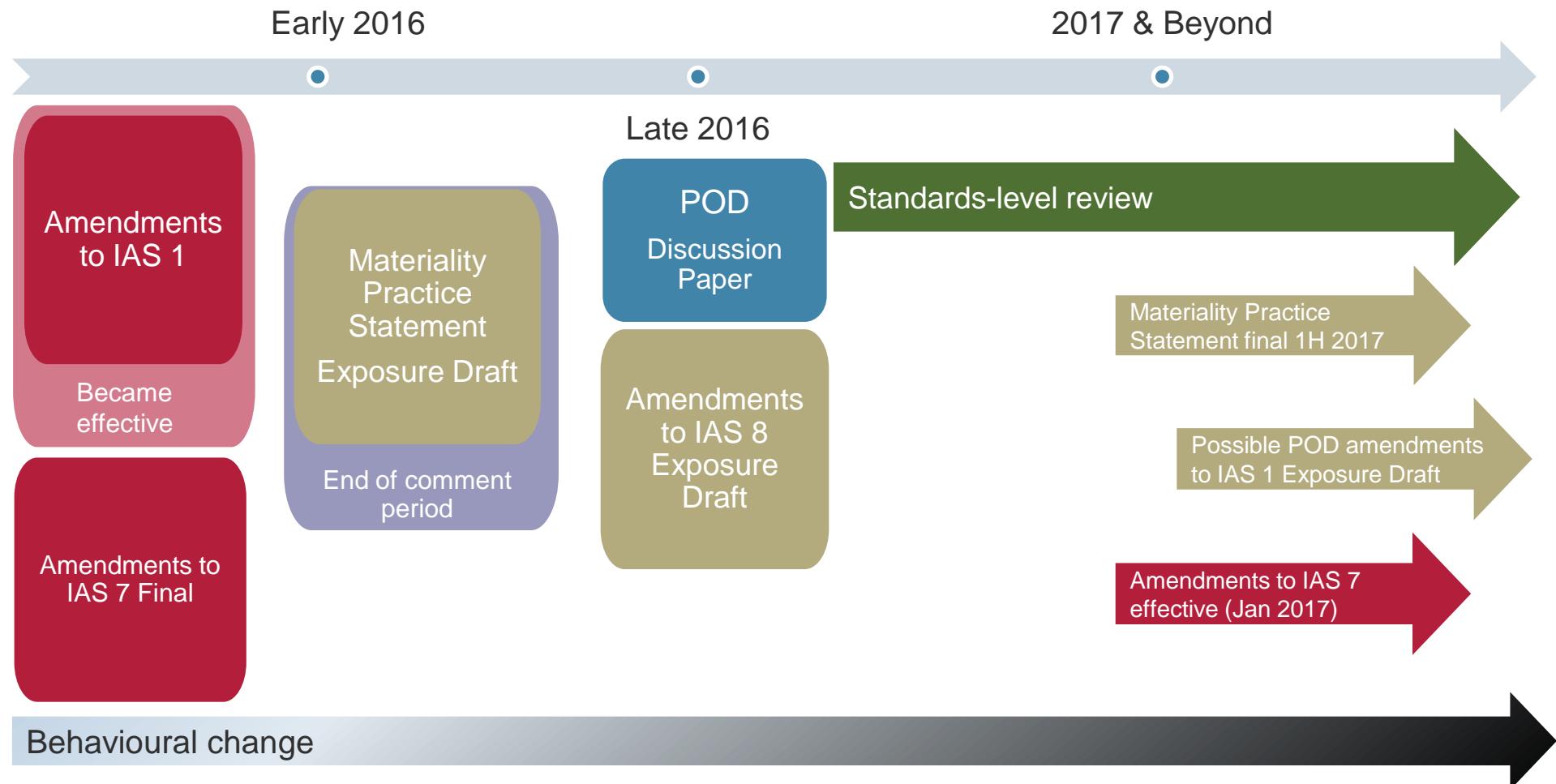
During the comment period of the POD Discussion Paper and beyond

# Time line and Next steps

- Disclosure Initiative

# Disclosure Initiative—Time line and next steps

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