



<b>Project:</b>	<b>Disclosure Initiative:</b>	<b>Meeting</b>	AASB May 2017 (M157)
	<b>Principles of Disclosure</b>		
<b>Topic:</b>	<b>Principles of Disclosure – IASB Discussion Paper – Communications Plan</b>	<b>Agenda Item:</b>	6.1
<b>Contact(s):</b>	Stella Yun <a href="mailto:syun@asb.gov.au">syun@asb.gov.au</a> (03) 9617 9618  Evelyn Ling <a href="mailto:eling@asb.gov.au">eling@asb.gov.au</a> (03) 9617 7631	<b>Project Priority:</b>	High
		<b>Decision-Making:</b>	Medium
		<b>Project Status:</b>	Planning

## Introduction and objective of this paper

- 1 The International Accounting Standards Board (IASB) issued IASB Discussion Paper DP/2017/1 *Disclosure Initiative – Principles of Disclosure* in March 2017, seeking comment by 2 October 2017.<sup>1</sup> IASB DP/2017/1 is incorporated into AASB Invitation to Comment ITC 35 *Disclosure Initiative – Principles of Disclosure*,<sup>2</sup> on which comment is sought by 4 September 2017.
- 2 The objective of this paper is to:
  - (a) present for Board comment staff's proposed plan for outreach and other communication activities on the IASB DP; and
  - (b) seek the Board's agreement on a proposed approach to drafting a comment letter to the IASB.

## Proposed outreach and other communication activity

- 3 The objective of the IASB project is to identify disclosure issues and address them by developing new or clarifying existing principles of disclosure in IFRS Standards. The IASB aims to:
  - (a) help entities apply better judgement and communicate information more effectively;

1 IASB Snapshot *Disclosure Initiative – Principles of Disclosure* provides an overview of the DP: <http://www.ifrs.org/Current-Projects/IASB-Projects/Disclosure-Initiative/Principles-of-Disclosure/Documents/Principles-of-Disclosure-Snapshot-2017.pdf>

2 ITC 35 is available on the AASB website at: [http://www.aasb.gov.au/admin/file/content105/c9/ITC35\\_04-17.pdf](http://www.aasb.gov.au/admin/file/content105/c9/ITC35_04-17.pdf)

- (b) improve the effectiveness of disclosures for the primary users of financial statements; and
- (c) provide guidelines for improving disclosure requirements in IFRS Standards.

4 Although the project is only at a Discussion Paper stage, having regard to:

- (a) the significance of the project to the IASB's work programme; and
- (b) noting that the outcomes of the IASB project could inform future AASB work with respect to Tier 2 entities, not-for-profit entities or Australian additional disclosures;

staff intend to conduct the following activities to seek Australian constituent feedback on the IASB DP:

- (a) AASB roundtable events in 3 locations (May – mid-June);
- (b) AASB webinar to raise awareness of the IASB DP (May – mid-June);
- (c) occasionally posting questions pertaining to the DP proposals on the AASB LinkedIn discussion group, as another manner of obtaining feedback (April – September);
- (d) seeking feedback from the AASB Disclosure Initiative Project Advisory Panel (May – August); and
- (e) as possible, targeted outreach to various stakeholders (including regulators)/ market segments/ industries (May – September). This could include seeking feedback from those preparers who have already undertaken a decluttering exercise, or from particular entity types such as funds management entities.

5 Staff note that the AASB may organise other forums in 2017 that could provide further feedback on the DP's proposals (e.g. the AASB Research Forum in November 2017). Staff will seek to informally share with IASB staff feedback received via such forums, to the extent relevant to the IASB project.

### **Question for Board members**

Q1 Do Board members have any comments about the planned outreach and other communication activity?

### **AASB comment letter**

6 The DP seeks feedback on identified disclosure issues and on the IASB's preliminary views on how to address them. The DP is set out in sections, as follows:

- (a) Section 1: Overview of the 'disclosure problem' and the project objective;
- (b) Section 2: Principles of effective communication;
- (c) Section 3: Roles of the primary financial statements and the notes;

- (d) Section 4: Location of information;
  - (e) Section 5: Use of performance measures in the financial statements;
  - (f) Section 6: Disclosure of accounting policies;
  - (g) Section 7: Centralised disclosure objectives; and
  - (h) Section 8: New Zealand Accounting Standards Board staff's approach to drafting disclosure requirements in IFRS Standards.
- 7 Staff are seeking the Board's tentative decisions on the approach to be employed at this time in order to give staff some direction for planning of the Roundtable events, and for preparing a draft submission for the Board's consideration.
- 8 Staff's preliminary recommendation is for the Board's submission to the IASB on the DP to focus primarily on those topics or areas that are identified by Australian constituents as being of import or concern, rather than necessarily responding fully to all questions posed in the DP. This approach could lend itself to requiring a smaller staff commitment to drafting of the comment letter, as well as resulting in a more targeted comment letter.

#### **Question for Board members**

- Q2 Do Board members agree with the staff proposal for the AASB submission to focus on those topics or areas that are identified by Australian constituents as being of import or concern, rather than necessarily responding to all questions posed in the DP?

#### **Next steps**

- 9 Staff intend to bring to the upcoming Board meetings:
- (a) June 27-28 meeting: A verbal update on the feedback received to date on AASB outreach activity; and
  - (b) August 15 meeting: A draft comment letter for Board consideration. (Staff propose the comment letter be finalised out of session with a Board subcommittee following close of the AASB comment period in September).