



Memorandum

To:	AASB Members	Date:	20 August 2013
From:	Lisa Panetta and Jim Paul	Agenda Item:	11.1
Subject:	IASB Discussion Forum – Disclosure	File:	

Actions

The purposes of this session are to:

- brief the Board on the main points in the IASB's *Discussion Forum – Financial Reporting Disclosure Feedback Statement*, which is based on a forum held in London in January 2013; and
- identify whether there are any issues the Board wishes to raise with the IASB in the near future, and, if so, the process for finalising a letter to the IASB.

Attachments

Agenda Paper 11.2 AASB Staff Issues Paper – IASB Discussion Forum

Agenda Paper 11.3 *Discussion Forum – Financial Reporting Disclosure Feedback Statement*

Background

In response to calls for the IASB to review the disclosure requirements in IFRSs, following discussions with the IFRS Advisory Council regarding whether to undertake a short-term project to improve disclosure requirements, the IASB held a public forum to discuss concerns about disclosure. The objective of the public forum was to obtain a better understanding of the disclosure problems (including the 'disclosure overload' problem) users, preparers, standard-setters, auditors and regulators think need to be addressed and assess whether there are immediate steps that the IASB can take. The IASB presented at the forum a summary of results of a survey on disclosure it conducted.

The forum was held in January 2013 and was attended by around 120 people from a range of backgrounds.

The programme for the forum comprised:

- presentations by organisations presenting work already undertaken in the area of disclosure;
- presentations by a user (Paul Lee, Hermes Equity Ownership Services) and a preparer (Russell Picot, HSBC), providing their perspective on the issue;

- a panel discussion comprising parties involved in the financial reporting process; and
- an open forum discussion.

The Feedback Statement does not invite comment on the ‘IASB response’ section. The IASB plans to use the Feedback Statement in future in additional outreach activities on this topic. AASB staff understand that, in September 2013, IASB staff will be presenting papers to the IASB on possibly commencing work to amend IAS 1 *Presentation of Financial Statements* and assessing whether more guidance needs to be provided on materiality.

***Breaking the boilerplate, Behavioural change in financial disclosures* – Hans Hoogervorst, IFRS Foundation Conference Presentation**

Hans Hoogervorst, Chairman of the IASB, in his address at the IFRS Foundation Conference on 27 June 2013, discussed the need to improve financial reporting disclosures and noted the risk that annual reports become simply compliance documents, rather than instruments of communication. He spoke of the IASB Discussion Forum and stated:

“In summary, understandable risk-aversion on the part of preparers, auditors and regulators leads to a ticking-the-box mentality. The communicative value of financial statements suffers as a result. So what can we do to change this culture? What can we do to break the boilerplate?”

Hans outlined eight possible measures that could lead to tangible results in the short run, noting that none of those points are particularly revolutionary. These eight measures are outlined in Agenda Paper 11.3 as possible IASB responses to each of the key areas discussed relating to *Materiality* and *Perceptions That Some Existing Standards Prevent Judgement*.

Hans further outlined the two pieces of work the IASB plans to undertake in the medium term – described in Agenda Paper 11.3 as IASB Responses to the *General Review of Disclosure Requirements* section.

Questions for Board members (drawn from Agenda Paper 11.2)

- Q1** Do you agree with the AASB staff recommendations set out in paragraph 8 of Agenda Paper 11.2, including the recommendation regarding the general process for providing input to the IASB regarding the Discussion Forum and Feedback Statement?
- Q2** If the Board decides to write to the IASB regarding the Discussion Forum and Feedback Statement, do you agree with the staff’s recommendation that the Chairman should approve the letter out of session, without using a Board Subcommittee?
- Q3** Are there any other issues regarding the IASB Discussion Forum (and, in particular, the Feedback Statement) you wish to raise?