



Australian Government
Australian Accounting Standards Board

Memorandum

To:	AASB Members	Date:	26 November 2013
From:	Lisa Panetta	Agenda Item:	13.1 (M135)
Subject:	IASB's Disclosure Initiative: Project Update	File:	

Action

Receive an update on recent tentative decisions made by the IASB on amendments to IAS 1 *Presentation of Financial Statements* and decide whether there are any issues that need to be raised with the IASB on those tentative decisions at this stage.

Attachment

- Agenda paper 13.2 IASB's Disclosure Initiative: Project Update – Tentative decisions made by the IASB – October and November 2013
- Agenda paper 13.3 IASB's Disclosure Initiative: Disclosure Requirements about an Assessment of Going Concern – Tentative decisions made by the IASB – November 2013

Staff recommendation

AASB staff have concerns in relation to the tentative decisions made at the November 2013 IASB meeting (outlined in Agenda Paper 13.3) regarding the IAS 1 disclosure requirements about an assessment of going concern and recommend them being raised with the IASB.

Question to Board members:

Do you agree with staff's recommendation?

Background

Disclosure Initiative Project

The IASB is undertaking a broad-based initiative to explore how disclosures in IFRS financial reporting can be improved. This initiative has been informed by a Discussion Forum on Disclosure in Financial Reporting in conjunction with a survey conducted by IASB staff. A [Feedback Statement](#) on these events was published in May 2013. The Disclosure Initiative is made up of a number of projects, both short-term and medium-term.

Short-term projects:

- Materiality
- Disclosure Requirements about an Assessment of Going Concern (see below)
- Current/non-current classification of liabilities (see below)
- [Other] IAS 1 amendments

[In relation to this project, at its October and November meetings the IASB considered net debt, totals and subtotals, and the presentation order of notes in the financial statements. (These issues are discussed in the first three sections of agenda paper 13.2.)]

Medium-term projects:

- Research project on presentation and disclosure in IFRS
- Standards-level review of disclosure

IAS 1 – Disclosure Requirements about an Assessment of Going Concern

In June 2012, the IFRS Interpretations Committee received a request for clarification of IAS 1's disclosure requirements relating to going concern. IAS 1 includes guidance on when financial statements should be prepared on a going concern basis, and paragraph 25 requires that when management are aware of material uncertainties about events or conditions that cast significant doubt upon the entity's ability to continue as a going concern, those uncertainties shall be disclosed. The submitter, the International Audit and Assurance Standards Board (IAASB), thinks that the guidance about the disclosure of these uncertainties is not clear.

Agenda paper 13.3 considers this issue in greater detail.

IAS 1 – Current/non-current classification of liabilities

This issue concerns the current/non-current classification of liabilities and has been discussed by the Interpretations Committee six times and by the IASB twice since September 2010.

In 2010 the Interpretations Committee conducted outreach on this topic and as a result recommended a proposed amendment to IAS 1 as part of the Exposure Draft: *Annual Improvements to IFRSs: 2010-2012 Cycle*. The AASB agreed with this proposed amendment in its comment letter to the IASB. However, at its March 2013 meeting, following a review of constituent comments received by IFRIC in response to the clarification of the phrase 'same or similar terms' in the ED, the IASB agreed not to proceed with the proposed amendment as part of the *2010-2012 Annual Improvements* project and asked IASB staff to develop an alternative approach to clarifying the requirements of IAS 1.

The IASB has tentatively decided to develop a more general approach based on an assessment of the arrangement(s) in existence at the reporting date and requested that IASB staff to develop this general approach to be brought to the IASB at a future meeting.

Further detail is provided in the last section of agenda paper 13.2.

IASB draft timeline for the Amendments to IAS 1¹:

	Disclosure initiative	Going concern	Current/non-current	Equity accounted investments
November 2013 IASB meeting	• Further discussions on the amendments proposed in the September meeting	• Initial paper of the proposed amendments		
December 2013 IASB meeting	• Transition paper	• Proposal for deliberation	• Further discussions on conditionality	
January 2014 IASB meeting	Due process paper			
Quarter 1 2014	Publish Exposure Draft of IASB proposed narrow focus amendments to IAS 1			

1 Source: IASB Agenda Paper 8, November 2013. This draft timeline does not reflect the decisions made by the IASB at the November 2013 meeting.