

Disclosure Initiative – Analysis of recent IASB decisions (September 2014)

The IASB held a meeting in September 2014, at which the Board made a number of tentative decisions in relation to the *Disclosure Initiative* project.¹

Issue	Overview of IASB tentative decisions	AASB staff comments
Amendments to IAS 7 Statement of Cash Flows – Disclosure about restrictions on cash and cash equivalents		
Whether the proposed amendments to IAS 7 should include amendments to disclosures about cash and cash equivalents	<p>The IASB tentatively decided to propose improvements to IAS 7 regarding disclosures about cash and cash equivalents, to address concerns about the ability to use the cash and cash equivalents when required.</p> <p>In addition, it decided to undertake further research on the topic as part of the Principles of Disclosure research project.</p>	<p>In regard to the proposed improvements to IAS 7, the form of the amendment is unclear. However, based on the IASB discussion at the September meeting, AASB staff understand that the proposed amendment is in the form of an example in paragraph 48 of IAS 7 to illustrate the disclosure requirements that should be disclosed concerning cash and cash equivalents. If this understanding is correct, AASB staff can accept the tentative decision to include an example in IAS 7; however, staff also consider that more in-depth analysis of this issue is required. Therefore, staff agree with the IASB tentative decision to undertake further research on the topic as part of the Principles of Disclosure project.</p>
Amendments to IAS 7 – Reconciliation of liabilities from financing activities		
To confirm the IASB is satisfied that it has complied with the due process requirements to date that relate to the publication of the proposed amendments	<p>All IASB members confirmed that they are satisfied that the IASB has completed all necessary due process steps on the project to date.</p> <p>The IASB instructed staff to commence the ballot process for the proposed amendments.</p> <p>The IASB tentatively decided there should be a comment period for the ED of at least 120 days.</p>	AASB staff agree with the IASB tentative decision.

¹ <http://media.ifrs.org/2014/IASB/September/IASB-Update-September-2014.pdf> (accessed 6 October 2014)

IAS 1 Presentation of Financial Statements – Current/non-current classification of liabilities

<p>To confirm the IASB is satisfied that it the proposed amendment to IAS 1 concerning classification of liabilities has been subject to adequate due process.</p>	<p>All IASB members confirmed that they:</p> <ul style="list-style-type: none"> (a) agree with the staff recommendation that the proposals should be applied retrospectively; (a) agree that earlier application should be permitted; (b) agree that no specific relief is required for first-time adoption; (c) agree that all required due process steps to date have been complied with; and (d) do not intend to dissent from the publication of the Exposure Draft. <p>In addition, all IASB members agreed that there should be a comment period for the Exposure Draft of 120 days.</p>	<p>AASB staff agree with the proposed amendments to IAS 1 concerning classification of liabilities.</p> <p>In addition, AASB staff agree with the IASB decision to proceed to an Exposure Draft.</p>
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Distinction between a change in accounting policy and a change in accounting estimate

<p>To determine if this issue should be considered in the Principles of Disclosure project and in the additional work on the transition requirements in IFRS, both of which form part of the Disclosure Initiative.</p>	<p>The IASB tentatively decided that the issue of distinguishing between a change in accounting policy and a change in accounting estimate, and any applicable thresholds and disclosures, should be considered as part of the Disclosure Initiative.</p>	<p>The Principles of Disclosure project objective is to identify and develop a set of principles for disclosure in IFRS that could form the basis of a Standards-level project. The project will include reviewing the general requirements in IAS 8 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i>. The project will involve considering how the requirements, together with the requirements in IAS 1 and IAS 7 might be revised. Therefore, AASB staff agree that any amendments to IAS 8 should not be considered without first considering the results of this research project. Therefore, the AASB staff agree with the IASB tentative decision.</p>
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Staff recommendation

Staff do not consider that there are any issues that are sufficiently substantive to warrant them being raised with the IASB at this stage in relation to the tentative decisions made at the September 2014 IASB meeting (outlined in the table above).

Question to Board members

Do you agree with staff’s recommendation?