



Hot Topics

Improving & Rationalising Disclosures

Everyone has a role to play in improving disclosures in financial reporting and the key is removing unnecessary information from financial statements and allowing an entity to simply tell their story. This requires an entity to use judgement to determine whether a specified disclosure is necessary.

Through the Disclosure Initiative project, the AASB and the IASB are taking steps to improve the requirements in accounting standards for the disclosure of financial information. More information on the Disclosure Initiative project can be found here: [Project Summaries: Disclosure Initiative](#). To date, as part of this project, the AASB has:

- issued [Amendments to AASB 101](#) clarifying the requirements in AASB 101, including materiality;
- issued [Amendments to AASB 107](#) enabling users to evaluate changes in liabilities arising from financing activities; and
- issued [Invitation to Comment 35](#) to invite constituent's comments on the proposed changes by the IASB.

Some entities have already taken the initiative and have demonstrated that financial statements can be trimmed down without affecting compliance with accounting standards.

Below are links to articles, reports and presentations from organisations and individuals that have investigated the issue and provide insight into their findings and guidance on how an entity may be able to improve their financial reports.

Case Studies

IASB –Case Studies – [Better Communication in Financial Reporting \(Making disclosures more meaningful\)](#) [October 2017]

Chartered Accountants Australia and New Zealand – [Noise, Numbers and Cut-Through](#) [June 2015]

Financial Reporting Council UK - Lab Insight Report - [Towards Clear & Concise Reporting](#) [August 2014]

Financial Reporting Council UK – [Lab Case Study Report – William Hill – accounting policies](#) [February 2015]

Group of 100 National Congress- Innovation in Corporate Reporting: The Wesfarmers Story [May 2015]:

- PricewaterhouseCoopers – Streamlining Financial Report: Simple steps to more effective reporting
- Wesfarmers – Innovation in Corporate Reporting: The Wesfarmers Story
- ASIC – [John Price - Innovation in Corporate Reporting](#)

Example Financial Reports – before and after the “Cutting the clutter” exercise

Wesfarmers Limited – [2014 Financial Report](#)

Wesfarmers Limited – [2015 Financial Report](#)

QBE Insurance Group Limited – [2014 Financial Report](#)

QBE Insurance Group Limited – [2015 Financial Report](#)

Cochlear Limited – [2014 Financial Report](#)



Cochlear Limited – [2015 Financial Report](#)

Brambles Limited – [2014 Financial Report](#)

Brambles Limited – [2016 Financial Report](#)

Guidance

AASB – Staff Paper – [To Disclose or Not to Disclose: Materiality is the Question](#) [February 2014]

Ernst & Young – [Improving Disclosure Effectiveness](#) [July 2014]

Ernst & Young – [Disclosure effectiveness – What companies can do now](#) [October 2014]

Ernst & Young – [Disclosure effectiveness - What investors, company executives and other stakeholders are saying](#) [November 2014]

Ernst & Young – [Enhancing Communication Effectiveness](#) [February 2017]

Ernst & Young – [Disclosure Initiative - Principles of Disclosure](#) [April 2017]

Financial Reporting Council UK – [Investors welcome relevant use of digital reporting](#) [May 2015]

Financial Reporting Council UK - [Clear & Concise - Developments in Narrative Reporting](#) [December 2015]

International Financial Reporting Standards – *The Essentials* – Issue No. 1 – [The Essentials – Cash Flow Statements](#) [December 2014]

International Financial Reporting Standards – *The Essentials* – Issue No. 2 – [The Essentials – Presentation of Financial Statements](#) [March 2015]

International Financial Reporting Standards – *The Essentials* – Issue No. 3 – [The Essentials – Sizing Up the Balance Sheet](#) [May 2015]

PricewaterhouseCoopers - [Streamlined Financial Reporting – Trends in 2015 Annual Reports](#) [October 2015]

PricewaterhouseCoopers - [Streamlined annual financial report](#) [June 2013]

PricewaterhouseCoopers - [What you really need to know about financial reports](#) [November 2014]

PricewaterhouseCoopers - [Implemented Integrated Reporting](#) [July 2015]

BDO Australia – [Time running out to ‘declutter’ your financial statements](#) [November 2016]

Surveys

Financial Reporting Council UK – [FRC launches a programme of measures to improve the quality of reporting by smaller quoted companies](#) [June 2015]

KPMG – [A new era in Corporate Reporting: Reporting trends in the ASX 200](#) [September 2015]

KPMG - [Cutting the clutter in financial reports – ASX200](#) [October 2014]

KPMG - [Room for Improvement](#) [April 2016]

KPMG - [Corporate Reporting - Evolution and Integration](#) [October 2016]



Information

AASB – Staff Article - [Reducing Disclosure Burden - Dealing with the Domestic Dimensions of a Global Problem](#) [March 2015]

Deloitte – IASPlus -[The Bruce Column – Materiality and judgement the route to financial reporting clarity](#) [September 2015]

Ernst & Young – [Comment: a new era of corporate disclosure](#) [September 2016]

Financial Reporting Council UK – [Clear & Concise](#)

Group of 100 – [Less is More](#) [October 2009]

Chartered Accountants Australia and New Zealand – [De-cluttering financial reports](#) [October 2015]

Chartered Accountants Australia and New Zealand – [Common disclosure mistakes](#) [July 2016]

Chartered Accountants Australia and New Zealand – [Tax transparency - a new era in reporting?](#) [November 2016]

Chartered Accountants Australia and New Zealand – [How to make your financial statements an effective communication tool](#) [September 2016]

Webcasts

[IASB staff webcast](#) on ED/2015/8 IFRS Practice Statement: *Application of Materiality to Financial Statements* [19 November 2015]

[IASB staff webcast](#) on DP/2017/1 *Disclosure Initiative—Principles of Disclosure* [28 April 2017]

If you have an article or report addressing improving disclosures in financial statements that you would like to share the AASB would love to hear from you. Please email Kathleen John standard@asb.gov.au.