



Proposals to define and restrict use of unusual and infrequent items will significantly improve financial statements

Proposals to define and restrict the use of unusual or infrequently occurring items in financial statements will also impact the way entities determine alternative profit measures such as underlying earnings. The Australian Accounting Standards Board (AASB) is seeking views on this issue, amongst others, following the release of the International Accounting Standards Board's (IASB) Discussion Paper *Disclosure Initiative – Principles of Disclosure*.

The IASB paper explores the challenges around providing relevant entity-specific information to users of financial statements, and proposes principles for disclosures to help preparers.

Other areas of interest to Australian constituents include preliminary views on permitting entity-specific performance measures, such as EBIT and EBITDA in financial statements; clarifying 'other' information that can be included; and cross-referencing information outside of the financial statements.

AASB Chair Kris Peach said, "The IASB proposals to define unusual or infrequently occurring items is likely to significantly restrict the types and amounts of adjustments some entities currently make to determine underlying earnings and will address user and regulator concerns that entities 'cherry pick' the adjustments made. As a result comparability over time for each entity and between entities should improve".

"For those entities taking up the challenge to improve the value of their financial statements as a communication tool, not just treating them as a compliance exercise, these proposals will be beneficial. We are particularly interested in entities that have started this process with decluttering exercises to understand what benefits they have found".

The AASB wants to hear Australian views on the discussion paper, particularly:

- What challenges and opportunities does it pose for Australian entities?
- What non-IFRS information in financial statements would be useful?
- Are non-listed entities likely to amend current practice? If not, what are the barriers to doing so?

The [AASB Invitation to Comment on the IASB Discussion Paper](#) can be downloaded from the AASB website.

Media Contact

Susie Brown
Communications Manager
Australian Accounting Standards Board
sbrown@asb.gov.au Tel +61 3 8080 7440