

## International Financial Reporting Standards



# FEE Symposium on the Future of Corporate Reporting

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The views expressed in this presentation are those of the presenter, not necessarily those of the IASB or IFRS Foundation.

# Recent developments

- We have recently brought together in one team:
  - Primary Financial Statements project;
  - Disclosure Initiative;
  - IFRS Taxonomy and Technology; and
  - New work stream, Corporate Reporting.
- One aim is to look at all these areas holistically and identify synergies between the areas.
- Broader theme of communication effectiveness.

# Primary Financial Statements (formerly Performance Reporting)

- The research project on primary financial statements is examining the purpose, structure and content of the primary financial statements.
- The IASB has tentatively decided that the primary financial statements are the statements of:
  - financial position;
  - profit or loss and other comprehensive income;
  - changes in equity; and
  - cash flows.
- The scope of the project has not been finally determined by the Board and may also consider the broader question of financial performance and how this links to the Conceptual Framework.

- Response to requests for presentation and disclosure principles that apply across IFRS.
  - Some call this a ‘disclosure framework’
- Aim is to develop principles that will result in improved disclosures because they will help:
  - the IASB set better disclosure requirements; and
  - entities make better judgements about what to disclose and how to disclose it.
- Discussion Paper expected in Q3 2016.
- The Disclosure Initiative has also considered Alternative Performance Measures.

- The IASB has observed that the use of the term 'alternative performance measures' is confusing.
- The discussion should instead focus on describing how performance measures can be fairly presented in financial statements:
  - reconciled (where possible) to the comparable measure in IFRS;
  - accompanied by an explanation of why it provides relevant information;
  - presented and labelled in a manner that makes it clear/understandable;
  - accompanied by comparatives and consistently classified/presented;
  - not displayed with more prominence than totals in IFRS for that statement;
  - presented in a way that makes it clear whether the measure forms part of the financial statements and whether it is audited.

- Trustees' Structure and Effectiveness Review currently in progress asks respondents about:
  - the IFRS Foundation's strategy with regard to the IFRS Taxonomy;
  - how the IASB can best support regulators in their efforts to improve digital access to financial reports to investors and other users;
  - whether there are any other steps the IASB should take to ensure that it factors into its thinking changes in technology so as to maintain the relevance of IFRS.
- We are working on a more strategic view to ensure we have considered the issues at an international level.
- Some of the challenges will require us to work closely with other parties, in particular the international regulatory community.

- In the Trustees' Structure and Effectiveness Review the Trustees took the view that the Board should:
  - play an active role in wider corporate reporting; and
  - commit modest staff to this area.
- Respondents to the Trustees' Request For Views generally supported that strategy.
- The Trustees reaffirmed this view at their January 2016 meeting.

- The IASB participates in the Corporate Reporting Dialogue (CRD).
- The CRD is an initiative designed to respond to market calls for greater coherence, consistency and comparability between corporate reporting frameworks, standards and related requirements.
- Other participants are:
  - Financial Accounting Standards Board;
  - Sustainability Accounting Standards Board;
  - Global Reporting Initiative;
  - International Standards Organisation;
  - International Integrated Reporting Committee;
  - Carbon Disclosure Project; and
  - Climate Disclosure Standards Board.



# Polling question

**Should the IASB take a more active role in driving the agenda on Corporate Reporting?**

1. Yes
2. No, the IASB should only focus on financial reporting
3. No, the market will innovate without the involvement of a standard setter

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