

Meeting: IAASB
Meeting Location: Orlando
Meeting Date: December 6-10, 2010

Agenda Item

8

Disclosures

Objective of Agenda Item

1. To consider and approve for issuance a proposed Discussion Paper on disclosures and related audit implications.

Working Group

2. Members:
 - Diana Hillier, Chair, IAASB Deputy Chair
 - Arch Archambault, IAASB Member
 - Cédric Gélard, IAASB Member
 - Tomokazu Sekiguchi, IAASB Member
 - John Fogarty, Deloitte & Touche, former IAASB Deputy Chair

Background

3. The issue of auditors' responsibilities and practices regarding disclosures has been discussed by the IAASB in December 2009, by the IAASB CAG in March and September 2009, and at the June 2010 IAASB-National Auditing Standard Setters meeting. In March 2010, the IAASB agreed the establishment of a working group to explore and catalogue the issues and concerns around the audit of disclosures.
4. At the September 2010 IAASB meeting, the Working Group recommended to the IAASB that the first step should be the publication of a Discussion Paper to further explore the broad range of divergent views and perceptions on the topic of disclosures. It was noted that it is critical to obtain further information and perspectives on audit practice and priorities in this area in the form of a discussion paper before proceeding to a formal project proposal on the topic. The IAASB supported these recommendations and asked the Working Group to present a draft discussion paper for its consideration at the December 2010 meeting.

Activities since Last IAASB Discussion

5. The Working Group held a face-to-face meeting in October 2010 to progress the proposed Discussion Paper. Three Working Group meetings were held by teleconference during October and November.
6. The Working Group Chair and staff met by teleconference with IASB staff working on the Financial Statement Presentation project and agreed to liaise further over the coming months.

Matters for Consideration

Content and Timing of the Proposed Discussion Paper

7. The intent of the proposed Discussion Paper is to explore and validate the wide range of identified views and perspectives from many stakeholders such as auditors, preparers, users of financial statements, regulators and analysts. The proposed Discussion Paper, therefore, is not intended to convey IAASB views, as doing so would be premature.
8. Regarding timing, the Working Group believes it is important to move forward swiftly in releasing the Discussion Paper. This will assist the IAASB in engaging with other parties at a time when they are also considering the topic. It is acknowledged that other parties, such as the International Accounting Standards Board (IASB) and the European Financial Reporting Advisory Group (EFRAG) are also considering the topic or moving ahead with their projects on disclosures. The Working Group is of the view that the Discussion Paper should be issued to enable the audit implications of the disclosures to be debated whilst the international debate is taking place.

Material Presented

Agenda Item 8-A Proposed Discussion Paper, *The Evolving Nature of Financial Reporting: Disclosure and Its Audit Implications*

Actions Requested

9. The IAASB is asked to consider the proposed Discussion Paper presented in **Agenda Item 8-A** and approve it for issuance.

Subject to the Board's approval of the document, the Working Group proposes that it be issued for a comment period until April 30, 2011.