

How is Financial and Corporate Reporting Evolving?

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Overview

- IASB 2001 to 2010
- IASB 2011 to 2016
- IASB 2017 to 2021
- Broader corporate reporting, the corporate reporting dialogue
- Broader corporate reporting, what should be the way forward?

IASB 2001 to 2011

- Startled into action by EU adoption and adoption in other countries
- Convergence with the US high on the agenda
- Many important standards- Share based payments
 - Business combinations
 - Operating segments
 - Financial instruments
 - Consolidated financial statements
 - Joint arrangements
 - Fair value measurement

IASB 2011 to 2016 Standards

- Financial instruments
- Revenue recognition
- Leases
- Bearer assets
- Rate regulated activities (a holding standard)

IASB 2011 to 2016

Other matters

- New Chair and Vice Chair
- Concepts started
- Insurance continued
- Disclosure initiative started
- Transition resource groups
- Convergence virtually over
- Changes to IFRIC-16 narrow scope amendments
- Taxonomy
- Wide spread adoption -120 countries
 - -Many large and important
 - -Not the US
- Creation of AFAS

IASB 2017 to 2021

- Conceptual framework
- Insurance
- Materiality practice statement
- Rate regulated activities
- Better communication-performance reporting
- Primary financial statements-mainly statement of financial performance
- Principles of disclosure
- Taxonomy and electronic reporting
- Post implementation reviews

IASB 2017 to 2021 Research Programme

- Business combinations under common control
- Dynamic risk management
- Financial instruments with characteristics of equity
- Goodwill and impairment
- Discount rates
- Disclosure initiative-principles of disclosure
- Primary financial statements

IASB Research Pipeline (not immediate but soon)

- Equity method
- Extractive activities
- Pollutant pricing mechanisms
- Provisions
- Variable and contingent consideration
- High inflation; scope of IAS 29
- Pension benefits that depend on asset returns
- SMEs that are subsidiaries

IASB

No Further Research

- Foreign currency translation
- High inflation
- Income taxes
- Post-employment benefits (including pensions)

IASB

Mandate

- Financial reporting-yes
- SMEs- a qualified yes
- But no to or sit on the fence for:
 - Public sector financial reporting
 - Not for profits
 - Broader financial reporting such as integrated reporting
- Stick to the knitting and so not endanger gains made
- Maybe a change in the future?
- A very well resourced body

Broader Corporate Reporting Corporate Reporting Dialogue (CRD)- The Members

- CDP (formerly Carbon disclosure project)
- Climate disclosure standards board (CDSB)
- Financial accounting standards board (FASB)
- Global reporting initiative (GRI)
- International accounting standards board (IASB)
- International integrated reporting council (IIRC)
- International public sector accounting standards board (IPSASB)
- International organization for standardization (ISO)
- Sustainability accounting standards board (SASB)

Broader Corporate Reporting CRD-The Purpose

- Bringing together organisations that have significant influence on the corporate reporting landscape
- An aim to respond to market calls for better alignment and reduced burden in corporate reporting
- Promotion of greater coherence, consistency and comparability between corporate reporting frameworks, standards and related requirements
- Develop practical ways to bring about alignment
- Share information, express a common voice on areas of mutual interest and reach out to the broader reporting landscape
- Membership an issue

Broader Corporate Reporting

CRD – Output to date

- Landscape map
- Common principles of materiality
- Further outreach and output being discussed
- New chairman

Broader Corporate Reporting

CDP

- Disclosure by companies and cities of their environmental impacts
- Has run a global disclosure system for the past 15 years
- Measure, manage, disclose and ultimately reduce greenhouse gas emissions
- Gathering corporate climate change data and providing it to the market place
- Regional offices and local partners spanning 50 countries
- Organisations from over 90 countries disclose to the CDP

Broader Corporate Reporting

Climate Disclosure Standards Board (CDSB)

- Advancing and aligning the global mainstream corporate reporting model to equate natural capital with financial capital
- A framework for reporting environmental information
- Use GRI sustainability reporting guidelines to present environmental/natural capital information in a mainstream financial report
- Catalyzed by the World Economic Forum in 2007

Broader Corporate Reporting

The Financial Accounting Standards Board (FASB)

- The independent, private sector, not for profit US organisation established in 1973
- Establishes financial accounting and reporting standards for public and private companies and not for profit organisations that follow US GAAP
- Goal is to provide useful information to investors and other users of financial reports.

Broader Corporate Reporting Global Reporting Initiative (GRI)

- “Empowering sustainable decisions”
- The world’s most trusted and widely used global standards for sustainability reporting
- Global best practice on a range of economic, environmental and social impacts
- Used in 90 countries
- Strategic partnerships with OECD, the UN Global Compact, UNEP and ISO
- Based in Amsterdam, with hubs in Africa, China, North America, Oceania, Latin America, South Asia and South East Asia

Broader Corporate Reporting International Integrated Reporting Council (IIRC)

- A global coalition of regulators, investors, companies, standard setters, the accounting profession and NGOs
- Promoting communication about value creation as the next step in the evolution of corporate reporting
- Mission is to establish integrated reporting and thinking within mainstream business practice as the norm in the public and private sectors
- The international IR framework has been developed which includes principles based guidance and content elements to govern and explain the information within an integrated report
- Six capitals being financial, manufactured, intellectual, human, social and relationship and natural
- 2014 to 2017 is the breakthrough phase. Achieve a meaningful shift toward early adoption of the IR framework

Broader Corporate Reporting International Organization For Standardization (ISO)

- Formed in 1947 to facilitate the international coordination and unification of industrial standards
- A global network of national standards bodies with one member per country
- 21,000 standards to date covering almost all aspects of technology and manufacturing
- The standards ensure that products and services are safe, reliable and of good quality
- The standards are developed on a consensus basis by experts from all around the world. They relate to sectors

Broader Corporate Reporting Sustainability Accounting Standards Board

- Mission is develop and disseminate sustainability accounting standards that help public corporations disclose material, decision-useful information to investors
- Standards for 79 industries in 11 sectors
- Concentrates on information which will effect financial performance
- US based but not just US focussed

Broader Corporate Reporting

What Should Be The Way Forward?

- Do nothing?
- Advance the CRD?
- Use IIRC as the coordinating and leading body?
- Have the IASB develop a more extensive and mandatory management commentary and take a leading role overall?
- Use GRI as the coordinating body
- Form a new body to bring together standards and guidance for broader corporate reporting?
- Other?