

International Financial Reporting Standards

“Can Materiality and Comparability be Compatible?”

WICI Symposium
30 October 2012

Olivier Servais
Director – XBRL Activities

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

- The concepts of relevance and materiality in the IFRSs
- The Management Commentary in the IFRS taxonomy
- Potential interaction between financial and non-financial reporting frameworks

Relevance and Materiality

Described in the Conceptual Framework

- QC6 Relevant financial information is capable of making a difference in the decisions made by users. Information may be capable of making a difference in a decision even if some users choose not to take advantage of it or are already aware of it from other sources.
- QC11 Information is material if omitting it or misstating it could influence decisions that users make on the basis of financial information about a specific reporting entity. In other words, materiality is an entity-specific aspect of relevance based on the nature or magnitude, or both, of the items to which the information relates in the context of an individual entity's financial report. Consequently, the Board cannot specify a uniform quantitative threshold for materiality or predetermine what could be material in a particular situation.

Purpose of the Practice Statement

- What is management commentary?

IN3 Management commentary is a narrative report that provides a context within which to interpret the financial position, financial performance and cash flows of an entity. It also provides management with an opportunity to explain its objectives and its strategies for achieving those objectives. Users routinely use the type of information provided in management commentary to help them evaluate an entity's prospects and its general risks, as well as the success of management's strategies for achieving its stated objectives. For many entities, management commentary is already an important element of their communication with the capital markets, supplementing as well as complementing the financial statements.

Elements of management commentary

24 Although the particular focus of management commentary will depend on the facts and circumstances of the entity, management commentary should include information that is essential to an understanding of:

- (a) the nature of the business;
- (b) management's objectives and its strategies for meeting those objectives;
- (c) the entity's most significant resources, risks and relationships;
- (d) the results of operations and prospects; and
- (e) the critical performance measures and indicators that management uses to evaluate the entity's performance against stated objectives.

Presentation Link

[105000] Management commentary

① Management commentary [text block]

① Disclosure of nature of business [text block]

① Disclosure of management's objectives and its strategies for meeting those objectives [text block]

① Disclosure of entity's most significant resources, risks and relationships [text block]

① Disclosure of results of operations and prospects [text block]

① Disclosure of critical performance measures and indicators that management uses to evaluate entity's performance against stated objectives [text block]

Extending the IFRS Taxonomy

6

[210000] Statement of financial position, current/non-current		
Statement of financial position [abstract]		
AS [822100] Notes - Property, plant and equipment		
Disclosure of property, plant and equipment [text block]	text block	IAS 16 - Disclosure Disclosure
Disclosure of detailed information about property, plant and equipment [text block]	text block	IAS 16.73 Disclosure
Disclosure of detailed information about property, plant and equipment [abstract]	text block	
Disclosure of detailed information about property, plant and equipment [table]	table	IAS 16.73 Disclosure
Classes of property, plant and equipment [axis]	axis	IAS 16.73 Disclosure
Property, plant and equipment [member]	member [default]	IAS 16.73 Disclosure, IAS 17.31 a Disclosure, IAS 36.127 Example
Land and buildings [member]	member	IAS 16.37 b Example
Land [member]	member	IAS 16.37 a Example
Buildings [member]	member	IAS 16.37 Common practice
Machinery [member]	member	IAS 16.37 c Example
Vehicles [member]	member	IAS 16.37 Common practice
Ships [member]	member	IAS 16.37 d Example
Aircraft [member]	member	IAS 16.37 e Example
Motor vehicles [member]	member	IAS 16.37 f Example
Fixtures and fittings [member]	member	IAS 16.37 g Example
Office equipment [member]	member	IAS 16.37 h Example
Computer equipment [member]	member	IAS 16.37 Common practice
Communication and network equipment [member]	member	IAS 16.37 Common practice
Tangible exploration and evaluation assets [member]	member	IFRS 6.25 Disclosure
Leasehold improvements [member]	member	IAS 16.37 Common practice
Property, plant and equipment under operating leases [member]	member	IAS 16.37 Common practice
Construction in progress [member]	member	IAS 16.37 Common practice
Other property, plant and equipment [member]	member	IAS 16.37 Common practice

On the notes

Thank you

7

individual comments
questions or
individual
comments
expressions of
individual views

view
expressions
feedback a

question
expressions of individual vie
individual comments
questions or
individual
comments
expressions of individual views
questions or individual comments

questions
expressions of
individual views
comments
questions or individual comments
expressions of individual views
comments
questions or individual comments

question
expressions of individual vie
feedback
questions
feedback
questions or comments
expressions of individual views
questions
expressions of individual views
questions and viewpoints
feedback and comments

comment
feedback
questions
feedback
questions or comments
expressions of individual views
questions
expressions of individual views
questions and viewpoints
feedback and comments