

## STAFF PAPER

13-14 November 2012

## IFRS Interpretations Committee Meeting

Project	Disclosure requirements about an assessment of going concern		
Paper topic	Covering memo to the agenda papers		
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This paper has been prepared by the staff of the IFRS Foundation for discussion at a public meeting of the IFRS Interpretations Committee. Comments made in relation to the application of an IFRS do not purport to be acceptable or unacceptable application of that IFRS—only the IFRS Interpretations Committee or the IASB can make such a determination. Decisions made by the IFRS Interpretations Committee are reported in *IFRIC Update*. The approval of a final Interpretation by the Board is reported in *IASB Update*.

1. In June 2012, the IFRS Interpretations Committee (the Interpretations Committee) received a request for clarification about IAS 1 *Presentation of Financial Statements*. This Standard includes guidance on when financial statements should be prepared on a going concern basis. This Standard also requires that when management are aware of material uncertainties about the entity's ability to continue as a going concern, those uncertainties shall be disclosed.
2. At this meeting the Interpretations Committee will discuss the disclosure of material uncertainties about the entity's ability to continue as a going concern.

**Agenda papers presented**

3. The papers presented to the November meeting are:
  - (a) 12 A *Background and definition of the issue*

In this paper we provide background to the issue, clarify the scope of any proposed solutions and identify the issues to be addressed at this time.

(b) 12 B *When to disclose material uncertainties*

In this paper we discuss when the disclosures required by IAS 1 about material uncertainties about an entity's ability to continue as a going concern should be disclosed.

(c) 12 C *What to disclose about material uncertainties*

In this paper we discuss what should be disclosed about material uncertainties about an entity's ability to continue as a going concern when the disclosure threshold, discussed in paper 12 B, is reached.

4. Although it may seem indulgent to prepare three separate papers, in our view this is necessary:

- (a) to ensure that the wide-ranging comments received are discussed and recorded in paper 12A to validate any decision about the scope of the issues addressed; and
- (b) to separate the two issues identified for investigation and discuss them independently in papers 12 B and 12 C, to ensure that each is resolved in the most appropriate manner.

5. Of necessity, there is a certain amount of duplication in the papers, for the convenience of the Interpretations Committee when reviewing each separate topic.

**Questions for the Interpretations Committee**

6. Paper 12A asks the Interpretations Committee whether they agree with our analysis of the issues involved and with our proposal to deal only with two questions about this disclosure—when to disclose and what to disclose.

7. Paper 12B, about when to disclose the information, asks the Interpretations Committee:

- (a) whether they agree with our proposal that this should be the subject of a narrow-focus amendment to IAS 1;

- (b) whether they agree with our proposal that the narrow-focus amendment to IAS 1 should be recommended to the IASB for deliberation;
  - (c) whether they have identified any additional messages that should be considered in drafting any proposed revisions to IAS 1; and
  - (d) whether they have any suggestions about the drafting of the proposed change to IAS 1.25.
8. Paper 12C, about what should be disclosed about the uncertainties, asks the Interpretations Committee:
- (a) whether they agree with our proposal that this topic should be the subject of an annual improvement to IAS 1;
  - (b) whether they agree with our proposal to combine this improvement with the narrow-focus amendment recommended in 12 B about when these disclosures should be made; and
  - (c) whether they think that the messages received from the preliminary outreach conducted to date should form the basis for more outreach to identify the required disclosures.