

PRESS RELEASE

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IASB calls for feedback on proposed enhancements to the conceptual underpinning of financial reporting

The International Accounting Standards Board (IASB) today published for public consultation proposals to improve *The Conceptual Framework for Financial Reporting*. The *Conceptual Framework* underpins International Financial Reporting Standards (IFRS) and helps the IASB to develop Standards that bring transparency, accountability and efficiency to financial markets around the world.

The Exposure Draft proposes a number of enhancements to the *Conceptual Framework*, including:

- A new chapter on measurement that describes appropriate measurement bases (historical cost and current value, including fair value), and the factors to consider when selecting a measurement basis;
- Confirming that the statement of profit or loss is the primary source of information about a company's performance, and adding guidance on when income and expenses could be reported outside the statement of profit or loss, in 'Other Comprehensive Income (OCI)'; and
- Refining the definitions of the basic building blocks of financial statements—assets, liabilities, equity, income and expenses.

Having listened to feedback from parties affected by the IASB's work, the Board is also proposing to place more emphasis on the importance of providing information needed for investors to assess management's stewardship, and to reintroduce an explicit reference to 'prudence', explaining clearly what it means.

Hans Hoogervorst, Chair of the International Accounting Standards Board, said:

"A solid Conceptual Framework is essential because it shapes the decisions the IASB takes when developing Standards. Two particularly important areas of the proposals published today are the clarification of the key role of profit or loss as an indicator of a company's financial performance, and the chapter that describes the information provided by historical cost and current value measurements."

The *Conceptual Framework* was last revised in 2010. In 2011, respondents to the IASB's Agenda consultation called for the IASB to restart and prioritise revision of the parts that were not revised in 2010. The IASB has listened to that feedback and plans to issue a final *Conceptual Framework* in 2016.

The IASB has also published for public comment a separate Exposure Draft *Updating References to the Conceptual Framework*, which proposes that references to the *Conceptual Framework* are updated in existing Standards.

The deadline for commenting on the Exposure Drafts is 26 October 2015.

A 'Snapshot' providing a high-level summary of the key aspects of the Exposure Draft can be found [here](#). On 17 June 2015 at 11am (London time) the IASB will hold a [live webinar](#) to introduce the proposals and answer questions.

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Notes to editors:

- The *Conceptual Framework* describes the objective of, and concepts for general purpose financial reporting. It is a practical tool that: assists the IASB to develop accounting Standards; assists companies to develop their accounting policies; and assists others to understand and interpret accounting Standards.
- The *Conceptual Framework for Financial Reporting* Exposure Draft can be found [here](#).
- A Feedback Statement summarising how the IASB has responded to feedback from stakeholders to the previous public consultation on the *Conceptual Framework* (a Discussion Paper published in 2013) can be found [here](#).
- The Exposure Draft *Updating References to the Conceptual Framework* can be found [here](#).

About the IFRS Foundation, IASB and IFRS

The IFRS Foundation is as an independent, not-for-profit organisation, overseen by a Monitoring Board of public authorities. Its vision of a single set of global accounting standards is supported by G20 leaders and other international organisations with responsibility for the global financial system.

The mission of the IFRS Foundation is to develop International Financial Reporting Standards (IFRS Standards) that bring transparency, accountability and efficiency to financial markets around the world, fostering trust, growth and long-term financial stability. The International Accounting Standards Board (IASB) is the standard-setting body of the IFRS Foundation, made up of independent experts from diverse professional and geographic backgrounds. IFRS is adopted by more than 100 countries globally.

For detailed information on the organisation's structure, the standard-setting process and the spread of IFRS Standards globally, visit www.ifrs.org.