**Disclosure**

**Purpose of Disclosure**

This is a principle whereby reporting entities have to disclose all information that will allow users to make informed decisions.

**Types of disclosure**

Disclosure takes the following forms.

* Disclosing **accounting methods** chosen from the different choices available e.g. depreciation method, inventory valuation method.
* Accounting Standards and/or Companies Act will require **specific disclosure** of certain items e.g. Statement of Cash flow must show dividends, interest and income tax separately.
* Accounting Standards require that reports are comparable and understandable. This means that any **change in accounting policy** (allowed by AASB 108 if change enhances reliability and relevance) must be disclosed. Both the nature and effect of the change must be disclosed in a note, for example as follows:

“During the year the company changed the method of depreciation from straight line to diminishing balance resulting in a 25% increase in expense for the year.”

* **Corporate social disclosure** is increasingly being made part of accounting reports because of demands by the stakeholders for information on the social and environmental impact of business activities.