



IFRS® Foundation

Targeted Standards-level Review of Disclosures

Accounting Standards Advisory Forum meeting

ASAF Agenda Paper 6
June 2021

Purpose of this session

Agenda ref 6

Purpose

- To discuss outreach activities, including fieldwork to test the proposals in the Exposure Draft *Disclosure Requirements in IFRS Standards—A Pilot Approach* published in March 2021.

Questions for ASAF members

- Do ASAF members have any comments or questions on our outreach activities?



Disclosure Requirements in IFRS Standards—A Pilot Approach

Overview of the Exposure Draft

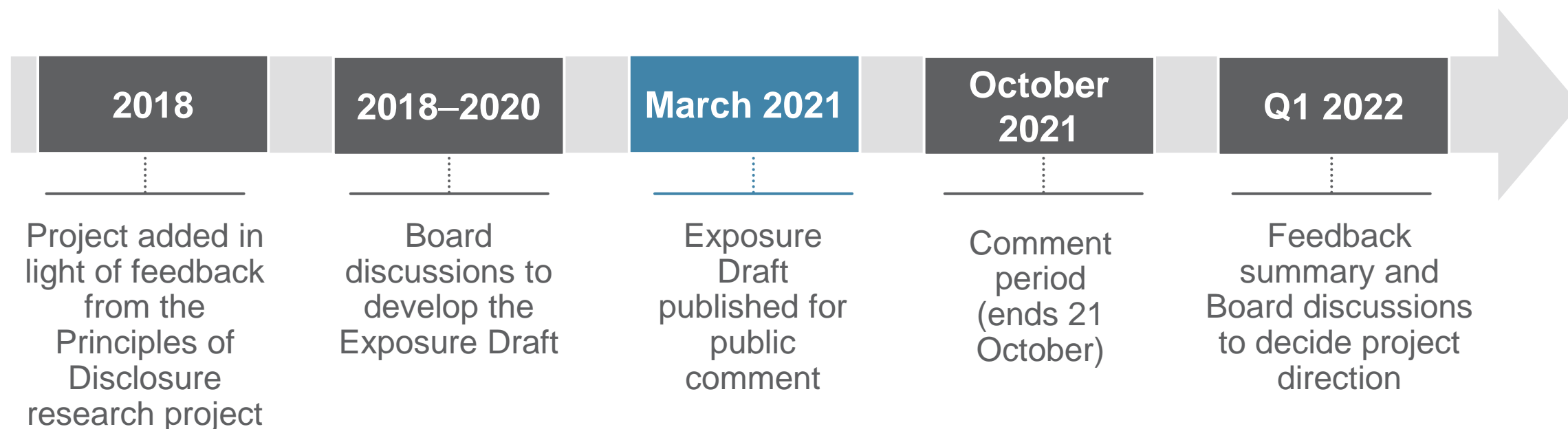
Project objective and timeline

Agenda ref 6



objective

To improve the Board's approach to developing disclosure requirements in IFRS Standards, so companies can enhance their judgements in preparing the notes and provide more useful information for investors



Catalyst for change

“Addressing the overall disclosure problem will require all those involved in financial reporting to play their part”



By taking steps to improve the requirements in IFRS Standards, the Board would **kick-start the process and enable stakeholders to improve the way they approach financial statement disclosures**

The Board's proposals

Agenda ref 6

Proposed Guidance for the Board when developing and drafting disclosure requirements in future	A Disclosure requirements based on stakeholder needs	The Board would enhance its engagement with investors, companies and others, seeking input even earlier in the standard-setting process.
	B Detailed disclosure objectives in individual IFRS Standards	The Board would develop objectives that describe investor information needs in detail. Companies can only meet these objectives by applying judgement.
	C Language that encourages application of judgement	The Board would place the compliance requirement ('shall') on disclosure objectives, and minimise requirements to disclose particular items of information.

Test the proposed Guidance by applying it to the test Standards

Proposed amendments to IFRS 13 and IAS 19	<ul style="list-style-type: none">• Require companies to exercise judgement by satisfying disclosure objectives that describe investor information needs.• Provide items of information—that are typically not mandatory—to help companies judge how best to satisfy specific disclosure objectives.
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A grayscale world map is the background for the slide. Overlaid on the map are several thick, light gray curved lines that sweep across the continents. A network of thin, dotted lines is also visible, connecting various points across the globe. The overall aesthetic is clean and professional.

Outreach and fieldwork

What stakeholder input is the Board looking for?

Agenda ref 6

Proposed new approach



Proposed amendments to IFRS 13 and IAS 19

Would the proposals enable companies to...

avoid applying disclosure requirements like a checklist?

make effective materiality judgements?

eliminate immaterial disclosures?

identify when additional or different information needs to be disclosed?

better understand investor needs and identify information that would meet those needs?

determine how best to satisfy disclosure objectives in their own circumstance?

Would the proposals...

lead to better information for investors?

give auditors and regulators a basis for challenging judgement instead of relying on a checklist?

lead to benefits that exceed costs?

Working with national standard-setters

Agenda ref 6



- Jurisdictional coverage
- Identifying any jurisdiction-specific issues



- Local outreach events
- Contact us to provide materials

Some key areas for outreach:

Enforceability

- meetings with auditors and regulators

Operationality

- field work with preparers

Scope

Proposed new disclosure requirements in IFRS 13, IAS 19 or both

Purpose

Help the Board better understand:

- whether companies can effectively comply with the proposed disclosure objectives
- what the resulting disclosure might look like
- the effect the proposed objectives could have on the quality and completeness of disclosures in financial statements
- other practical effects (e.g. implementation costs)

Participants

Companies with diverse geographic and industry backgrounds

Format

- We provide fieldwork instructions and questionnaires
- Kick-off meeting to explain fieldwork objectives and answer preliminary questions
- Volunteers can share fieldwork results in whatever format is easiest—using one, some or all of the following:
 - ✓ submit mock note disclosures prepared applying the proposals
 - ✓ complete a questionnaire about the process of developing the mock disclosures
 - ✓ meeting to discuss the mock disclosures, follow-up questions, issues encountered and ideas for resolving those issues

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