
Dear Hans,


We support the IASB tackling the issues in the DP and broadly agree with the general discussion as it takes into account proposals and/or recommendations formulated by other institutions (standard-setters, regulators, and other stakeholders).

We however note that since 2013 a number of preparers have also taken the matter in their own hands and improved their financial statements significantly. Therefore, whilst we think addressing the topics included in the DP will be helpful in ‘setting the tone’, as past work on IAS 1 and materiality for instance has done, more benefits would be reaped with the IASB advancing its standards-level review of disclosure requirements. We also think that, rather than developing a specific disclosure standard, the IASB should consider reviewing in what parts of the extant IFRS literature its proposals are better placed, notably between the Conceptual Framework and IAS 1.

A couple of aspects in the DP deal with information that is located outside the financial statements: in our view, this poses the question of the boundaries of the financial statements, which we think ought to be addressed by the Board. In this context, we do note that the way the information is consumed by users, especially with the evolution of technology, could make this distinction less relevant, but we remain convinced that the financial statements as a whole in a human-legible format (such as a pdf-type format) remain relevant to users as the presentation of how an entity satisfies the objective of stewardship within the context of its own story as well as a document subject to audit assurance.

The questions in the DP are in some cases rather broad in the sense that the Board had not yet developed a view on the related issues. It is therefore not clear to us how this project will proceed.
Our detailed comments to the questions raised in the Discussion Paper are set out in the Appendix.

Please do not hesitate to contact us should you want to discuss any aspect of our comment letter.

Yours sincerely,

Michel Barbet-Massin

*Head of Financial Reporting Technical Support*
Appendix

**Question 1**

Paragraphs 1.5–1.8 describe the disclosure problem and provide an explanation of its causes.

(a) Do you agree with this description of the disclosure problem and its causes? Why or why not? Do you think there are other factors contributing to the disclosure problem?

(b) Do you agree that the development of disclosure principles in a general disclosure standard (i.e., either in amendments to IAS 1 or in a new general disclosure standard) would address the disclosure problem? Why or why not?

We agree with the IASB’s description of the disclosure problem namely: not enough relevant information, irrelevant information and ineffective communication of the information provided.

We agree with the fact that the disclosure problem arises because of difficulties in applying judgement relating to the behaviour of all stakeholders in the financial reporting chain. In this context, we consider the work performed to date by the IASB as part of the Disclosure initiative, such as the amendments to IAS 1 and the Practice Statement on applying materiality judgements, to be helpful. However, the IASB in setting its standards also plays a part in the problem. Indeed, despite the guidance provided in IAS 1.31, the requirements in IFRS standards contribute to the problem in the way they are written be it the vocabulary used which often is imperative (use of ‘shall’) or the long list of disclosures required, for which the objectives assigned to them are not obvious, i.e., how they are used by the users of financial statements (see also our answer to question 15).

We note that a number of preparers have not waited for the DP’s proposals to improve their financial statements, whether prompted or not by reflections or recommendations made by standard-setters and/or regulators or, even their peers. It would probably be useful for the IASB to look at these efforts in order to determine what it should focus on in the context of this specific project and how much more time it needs to spend on it.

As far as we are concerned, whilst we consider that general disclosure principles could be useful in ‘setting the tone’, we are of the view that more benefits would be reaped if the IASB undertook a review of the extant disclosure requirements in IFRS. We therefore encourage the IASB to not further delay the review of the standard-by-standard disclosure requirements of individual standards, which is announced as dependent on the outcome of the current phase of the project.

In terms of the location of such general disclosure principles, as we comment throughout the rest of this appendix, this will depend on their nature.
Question 2
Sections 2–7 discuss specific disclosure issues that have been identified by the Board and provide the Board’s preliminary views on how to address these issues.

Are there any other disclosure issues that the Board has not identified in this Discussion Paper that you think should be addressed as part of this Principles of Disclosure project? What are they and why do you think they should be addressed?

As mentioned in our answer to question 1, we think that the IASB needs to take account of and define disclosure principles and requirements based on how the financial statements are used by the users as we understand that the financial statements if very rarely read in totality do serve as a reference document, but also what other financial information they use. Such consideration also needs to take account of technological changes which have already modified but will continue to modify the way financial information is used. In this context, whilst we understand that search tools and hyperlinks could blur further the distinction between financial statements and financial reporting, we consider nonetheless that the presentation of financial statements in pdf type formats will still remain relevant as it enables an entity to tell its story, which we understand is important to users.

Question 3
The Board’s preliminary view is that a set of principles of effective communication that entities should apply when preparing the financial statements as described in paragraph 2.6 should be developed. The Board has not reached a view on whether the principles of effective communication should be prescribed in a general disclosure standard or described in non-mandatory guidance.

The Board is also of the preliminary view that it should develop non-mandatory guidance on the use of formatting in the financial statements that builds on the guidance outlined in paragraphs 2.20–2.22.

(a) Do you agree that the Board should develop principles of effective communication that entities should apply when preparing the financial statements? Why or why not?
(b) Do you agree with the principles listed in paragraph 2.6? Why or why not? If not, what alternative(s) do you suggest, and why?
(c) Do you think that principles of effective communication that entities should apply when preparing the financial statements should be prescribed in a general disclosure standard or issued as non-mandatory guidance?
(d) Do you think that non-mandatory guidance on the use of formatting in the financial statements should be developed? Why or why not?

If you support the issuance of non-mandatory guidance in Question 3(c) and/or (d), please specify the form of non-mandatory guidance you suggest (see paragraph 2.13(a)–(c)) and give your reasoning.

As mentioned in our answer to question 1, we consider that general principles of disclosure and of effective communication could be helpful to ‘set the tone’ for some stakeholders but not for others who have already started improving their financial statements. They would, however,
not be sufficient in and by themselves to achieve the objectives of better disclosures/communication.

The principles proposed by the IASB in paragraph 2.6 appear to be common sense. It is therefore difficult to disagree with their general gist. We do however note the following:

- If entity-specific information is more useful than generic information (paragraph 2.6 (a)), it may be difficult to balance that principle with the provision of information in a way that optimises comparability among entities (paragraph 2.6 (f)).
- Links when relevant to other information in other parts of the annual report (paragraph 2.6 (d)) and avoiding unnecessary duplication with other parts of the annual report (paragraph 2.6 (e)) are laudable cohesiveness objectives. However, they contribute to blurring the distinction between the financial statements and the other financial information which forms part of an annual report (see our answers to questions 5 and 6). In addition, in some cases (such as in segment reporting), IFRS imposes constraints on the way information is presented which may not correspond totally to the way the entity is managed or tells its story but which may also contradict how other bodies in charge of regulating other financial information included in the annual report require that information to be reported.

Amongst the principles set out in paragraph 2.6 of the DP, we note that IAS 1 already refers to information that is specific to the entity and that those discussions could be placed under the principle included in paragraph 2.6 (a) within IAS 1. In addition, paragraphs 2.6 (a), (f) and (e), however only in as much as (e) relates to `within the financial statements’, are included in the Framework and could usefully be repeated in IAS 1.

As for the other principles, these should be included in some form of non-mandatory guidance respectively because:

- Paragraphs (b), (c) and (g) are general principles of effective communication which are not specific to IFRS but also because their implementation and enforcement is very judgmental;
- Paragraphs (d) and (e) make reference to the annual report, the content of which does not usually fall within the IASB’s remit: the cohesiveness principles listed here can therefore only be aspirational

Finally, we do not consider it necessary for the IASB to develop non-mandatory guidance on the use of formatting in the financial statements. We again here refer to the substantive efforts made by some preparers in presenting their financial statements. We had rather that the IASB start on the standard-level review of disclosures project.
Question 4

The Board’s preliminary views are that a general disclosure standard should:

- specify that the ‘primary financial statements’ are the statements of financial position, financial performance, changes in equity and cash flows;
- describe the role of primary financial statements and the implications of that role as set out in paragraphs 3.22 and 3.24;
- describe the role of the notes as set out in paragraph 3.28, as well as provide examples of further explanatory and supplementary information, as referred to in paragraphs 3.26–3.27; and
- include the guidance on the content of the notes proposed in paragraphs 7.3–7.7 of the Conceptual Framework Exposure Draft, as described in paragraph 3.7.

In addition, the Board’s preliminary views are that:

- it should not prescribe the meaning of ‘present’ as presented in the primary financial statements and the meaning of ‘disclose’ as disclosed in the notes; and
- if it uses the terms ‘present’ and ‘disclose’ when describing where to provide information in the financial statements when subsequently drafting IFRS Standards, it should also specify the intended location as either ‘in the primary financial statements’ or ‘in the notes’.

Do you agree with the Board’s preliminary views? Why or why not? If you do not agree, what do you suggest instead, and why?

Statements included in the “primary financial statements”

We note there is a tension between the DP including the statements of changes in equity and cash flows as part of the primary financial statements and the Framework proposals which list these two statements within “other statements and notes”. We, however, do not disagree with referring to the four statements as a whole as “primary financial statements”, even though we consider the statement of cash flows often to be not meaningful for financial institutions and hope that this issue is addressed by the Board as part of its Primary Financial Statements project.

Roles of the primary financial statements and of the notes

We understand the roles proposed in the DP for the primary financial statements and for the notes to be articulated in the context of objectives assigned to them in the proposed Framework, i.e. “to provide information about the reporting entity’s assets, liabilities, equity, income and expenses that is useful to users of financial statements in assessing the prospects for future net cash inflows to the reporting entity and in assessing management’s stewardship of the entity’s economic resources”.

We broadly agree with the roles proposed in the DP for the primary financial statements and for the notes. We would however like to bring the following to the Board’s attention:

- The proposed role for the primary financial statements (paragraph 3.22) is to provide “a structured and comparable summary […] which is useful for:
  a) […]
  b) Making comparisons between entities and reporting periods; and […]” (emphasis added)
We would suggest that the Board delete ‘comparable’ in the introductory sentence to avoid the duplication with paragraph 3.22 (b). In addition, we consider that comparisons ought to first be made possible across reporting periods and only, as part of optimising the usefulness of the information and in the context of the balance with relevance, between entities where possible. We would therefore suggest that more wording be added to provide that emphasis.

- In the proposed role for the notes, we would suggest that the Board delete the mention of reconciliation as one could argue that the statements of cash flows and of changes in equity are a form of reconciliation, yet they are included in the “primary financial statements”.

Prior to proposing its view of the roles of the primary financial statements and of the notes, the Board recalls other areas of IFRS where closely-linked aspects are mentioned, be it IAS 1 or the Conceptual Framework. In terms of the notes, we note that the Conceptual Framework exposure-draft is more detailed than the role proposed in the DP. We would therefore suggest that the Board carefully look at all these areas and rationalises/better organises them so as to place the appropriate aspects in the appropriate areas. As regards the notes, it could be argued that the role could be placed in the Conceptual Framework and possibly repeated in IAS 1 whilst the extant detail regarding the notes included within the Conceptual Framework mentioned in paragraph 3.7 of the DP, in combination with elements mentioned in paragraphs 3.26 and 3.27, could be better placed in IAS 1 after IAS 1.112 (recalled in paragraph 3.6 of the DP).

Present and disclose
We could support the IASB’s proposal of supplying the location of the information where either term is used to avoid confusion.

We consider however that it would be more beneficial to stakeholders if the IASB were to use both words consistently across standards with ‘present’ relating to the primary statements and ‘disclose’ relating to the notes.

We note that one of the reasons for the Board’s proposal is to avoid having to revisit the existing set of standards to ensure that the words are applied as defined. In our view, the IASB will have to go through exactly the same exercise to make sure that the location of the information required is clear whenever one of these terms is used. In addition, given that we encourage the Board to advance its standard-level review of the disclosure requirements, we consider it could be done at the same time. We are therefore not convinced by the Board’s argument.

We also understand that the FASB uses the word ‘present’ as relating to the primary financial statements and ‘discloses’ as relating to the notes. We consider that it would be beneficial to have common wording between the two sets of standards.
Question 5

The Board’s preliminary view is that a general disclosure standard should include a principle that an entity can provide information that is necessary to comply with IFRS Standards outside financial statements if the information meets the requirements in paragraphs 4.9(a)–(c).

(a) Do you agree with the Board’s preliminary view? Why or why not? If you do not agree, what alternative(s) do you suggest, and why?

(b) Can you provide any examples of specific scenarios, other than those currently included in IFRS Standards (see paragraphs 4.3–4.4), for which you think an entity should or should not be able to provide information necessary to comply with IFRS Standards outside the financial statements? Why? Would those scenarios meet the criteria in paragraphs 4.9(a)–(c)?

We broadly agree with including a principle according to which an entity can provide information that is necessary to comply with IFRS outside financial statements under certain conditions.

We understand that cross-referencing information from the financial statements to other documents may be useful to avoid unnecessary duplication under certain conditions of similar publication date, access over time and public access. We are aware of the fact that this does happen in practice, both where IFRS specifically allows it, as well as in other areas.

We are, however, concerned with the reference to the annual report, which is undefined, in the sense that we consider that cross-references should only be allowed to a limited set of other documents to avoid information being scattered across a myriad of documents thus not being helpful in making the annual report ‘more understandable’. We think that, before coining down the reference to the annual report, the IASB would need to further look into what this document covers across jurisdictions and be satisfied that it fulfils the conditions detailed above.

In addition, whilst the concept of the annual report being made ‘more understandable’ is rather vague, we consider that the gist of it is comprehensible. However, we think the financial statements should, despite the cross-references out of them, be understandable in and by themselves. In our view, this means that the Board needs to better articulate the boundaries of financial statements vs. other financial information and that some limitation to the information being able to be cross-referenced out of financial statements is needed.

In terms of the identification of cross-referenced information, we are not convinced that there is a need for all such information being cross-referenced to be included in a list (paragraph 4.24 (a)). This would add to the clutter of disclosures and, in an electronic format with hyperlinks to other documents, does not appear necessary. We do agree with the other three requirements proposed in paragraph 4.24. However, similarly to paragraph 4.38 (b) as regards the provision of information identified as non-IFRS within the financial statements, we consider that the mention, outside of the financial statements, of information as being part of the financial statements ought to be completed with a mention that the information has been audited.
**Question 6**

The Board’s preliminary view is that a general disclosure standard:

- should not prohibit an entity from including information in its financial statements that it has identified as ‘non-IFRS information’, or by a similar labelling, to distinguish it from information necessary to comply with IFRS Standards; but
- should include requirements about how an entity provides such information as described in paragraphs 4.38(a)–(c).

Do you agree with the Board’s preliminary view? Why or why not? If you do not agree, what alternative(s) do you suggest, and why?

As mentioned by the DP, the distinction between Categories B and C is difficult to make. We are therefore not convinced that the distinction into categories is very helpful. We think that rather focusing on IFRS vs. non-IFRS information, the focus should rather be on fair presentation of the information.

We are aware that (a) local legislation may impose additional information to be presented as part of the financial statements, more generally in the notes, but also that (b) some entities already voluntarily include non-IFRS information in their financial statements, generally in the form of alternative performance measures (APMs).

We generally agree with the Board that the inclusion of such information should not be prohibited. On the conditions for the inclusion of such information set out in paragraph 4.38, we broadly concur, subject to the following remarks:

- as regards category (a) above, it may be difficult for the entity to explain why the information is useful (paragraph 4.38 (c)). For this category, we consider it would be useful to indicate where the requirement of this disclosure comes from;
- as regards category (b) above, we consider that in order to satisfy paragraph 4.38(c), the disclosure should satisfy the conditions set out in paragraph 5.34 as regards APMs, which we understand are similar to the Guidelines on the use of APMs implemented by ESMA in July 2016;
- similarly to our answer to question 5, we are not convinced that all such information should be included in a list (paragraph 4.38 (b)).
Question 7

The Board did not discuss whether any specific information—for example, information that is inconsistent with IFRS Standards—should be required to be identified as described in paragraphs 4.38(a)–(c) or should be prohibited from being included in the financial statements.

Do you think the Board should prohibit the inclusion of any specific types of additional information in the financial statements? If so, which additional information, and why?

Please refer to our answer to question 6.

Question 8

The Board’s preliminary views are that it should:

- clarify that the following subtotals in the statement(s) of financial performance comply with IFRS Standards if such subtotals are presented in accordance with paragraphs 85–85B of IAS 1:
  - the presentation of an EBITDA subtotal if an entity uses the nature of expense method; and
  - the presentation of an EBIT subtotal under both a nature of expense method and a function of expense method.
- develop definitions of, and requirements for, the presentation of unusual or infrequently occurring items in the statement(s) of financial performance, as described in paragraphs 5.26–5.28.

(a) Do you agree with the Board’s preliminary views? Why or why not? If you do not agree, what alternative action do you suggest, and why?
(b) Should the Board prohibit the use of other terms to describe unusual and infrequently occurring items, for example, those discussed in paragraph 5.27?
(c) Are there any other issues or requirements that the Board should consider in addition to those stated in paragraph 5.28 when developing requirements for the presentation of unusual or infrequently occurring items in the statement(s) of financial performance?

The feedback on Question 8 will be considered as part of the Board’s Primary Financial Statements project.

EBIT and EBITDA

We agree with the Board’s views as regards the presentation of EBIT and EBITDA.

As regards the presentation of EBITDA when the income statement is presented by function, we consider that this amount could be presented in the notes to the financial statements as additional information, under the conditions discussed in our answer to question 5.

Unusual or infrequently occurring items

We are aware that the isolation of a number of items in the income statement is rather frequent and that users find them useful to assess the ‘quality/sustainability of earnings’. These often relate to items such as: restructuring costs, litigation costs, acquisition costs, impairments, disposals of assets or divestments, the nature and occurrence of which are neither necessarily “unusual” nor “infrequently occurring” depending on facts and circumstances.
We consider therefore that it would be difficult to define terms such as “unusual” or “infrequently occurring” and that the IASB should rather focus on developing principles for the fair presentation of such items such as:

- Explanation of why these items are singled out;
- Disclosure of material items composing these items;
- Labelling should not be misleading;
- Presentation should be consistent, regardless of whether the item is an expense or income, together with comparative information.

We agree with the aspects that the Board should address as described in paragraph 5.28.

Question 9

The Board’s preliminary view is that a general disclosure standard should describe how performance measures can be fairly presented in financial statements, as described in paragraph 5.34.

Do you agree with the Board’s preliminary view? Why or why not? If you do not agree, what alternative action do you suggest, and why?

We agree with the proposed requirements set out in paragraph 5.34 on the fair presentation of performance measures.

Question 10

The Board’s preliminary views are that:

- a general disclosure standard should include requirements on determining which accounting policies to disclose as described in paragraph 6.16; and
- the following guidance on the location of accounting policy disclosures should be included either in a general disclosure standard or in non-mandatory guidance (or in a combination of both):
  - the alternatives for locating accounting policy disclosures, as described in paragraphs 6.22–6.24; and
  - the presumption that entities disclose information about significant judgements and assumptions adjacent to disclosures about related accounting policies, unless another organisation is more appropriate.

(a) Do you agree with the Board’s preliminary view that a general disclosure standard should include requirements on determining which accounting policies to disclose as described in paragraph 6.16? Why or why not? If you do not agree, what alternative proposal(s) do you suggest, and why?

(b) Do you agree with the Board’s preliminary view on developing guidance on the location of accounting policy disclosures? Why or why not? Do you think this guidance should be included in a general disclosure standard or non-mandatory guidance (or in a combination of both)? Why?

If you support the issuance of non-mandatory guidance in Question 10(b), please specify the form of non-mandatory guidance you suggest (listed in paragraphs 2.13(a)–(c)) and give your reasoning.
We are not convinced that the distinction between Categories 1 and 2 is useful as both categories are required and described in IAS 1. In addition we wonder whether the Board considers that there is a difference between “accounting policies relating to items, transactions or events that are material to the financial statements” (Category 2, paragraph 6.13) and the notion of “significant accounting policies” included in IAS 1.

As regards Category C for which the Board considers that disclosure is not necessary, we wonder why the Board would spend time developing further guidance for their disclosure: as these are not material, the principle should be that disclosure is not provided.

Given that the discussion on which accounting principles should be presented depends on the assessment of materiality, we consider that it could well be placed in the Practice Statement on applying materiality judgements or within IAS 1.

In addition, because of the evolutions of IFRS, we consider that it would be useful, when looking at historical information, to provide somewhere (such as on the website) an annual summary of all accounting policies. Such summary would, in our view, be subject to audit.

Finally, we are not convinced that the Board should develop guidance on the location of accounting policy disclosures as we consider that IAS 1.114 also covers this and entities have already improved their disclosures in that respect.

**Question 11**

The Board’s preliminary view is that it should develop a central set of disclosure objectives (centralised disclosure objectives) that consider the objective of financial statements and the role of the notes.

Centralised disclosure objectives could be used by the Board as a basis for developing disclosure objectives and requirements in Standards that are more unified and better linked to the overall objective of financial statements.

Do you agree that the Board should develop centralised disclosure objectives? Why or why not? If you do not agree, what alternative do you suggest, and why?

As mentioned in our answer to question 4, we consider that the Board needs to take a further look at what of the existing and proposed guidance in the DP should be placed in the Conceptual Framework and what should be placed in a general disclosure standard, ie IAS 1 in our view.

We agree with the Board that centralised disclosure objectives should be included in IAS 1 and consider that further more detailed objectives should be included in individual standards (subject to our response to question 12).
Question 12

The Board has identified, but not formed any preliminary views about, the following two methods that could be used for developing centralized disclosure objectives and therefore used as the basis for developing and organising disclosure objectives and requirements in Standards:

- focusing on the different types of information disclosed about an entity’s assets, liabilities, equity, income and expenses (Method A); or
- focusing on information about an entity’s activities to better reflect how users commonly assess the prospects for future net cash inflows to an entity and management’s stewardship of that entity’s resources (Method B).

(a) Which of these methods do you support, and why?
(b) Can you think of any other methods that could be used? If you support a different method, please describe your method and explain why you think it might be preferable to the methods described in this section.

Methods A and B are in the early stages of development and have not been discussed in detail by the Board. We will consider the feedback received on this Discussion Paper about how centralised disclosure objectives might best be developed before developing them further.

First of all, we note that in practice, recent improvements of financial statements by preparers demonstrate that it is possible to disclose information in the notes according to a “Method B” type of approach (although not fully) with the extant standards written up to now more according to a “Method A” type of approach.

As mentioned above Method A is more in line with how the IASB currently sets standards. Method B is very interesting and there is no doubt that users would be interested in it. However, we think it could be more difficult for the IASB to implement and for commentators on exposure-drafts to follow.

Having this in mind, we consider that the IASB should pursue a mixed approach: a “Method A” type of approach in setting and writing its standards with “Method B” type of outcomes or objectives in mind. This may require that the Board develop Method B a little further to see how to make this operational.

Question 13

Do you think that the Board should consider locating all disclosure objectives and requirements in IFRS Standards within a single Standard, or set of Standards, for disclosures? Why or why not?

We do not think that the Board should consider locating all disclosure objectives and requirements in IFRS Standards within a single standard or set of standards for disclosures. In our view, this would reinforce the much criticised “checklist mentality”.

As regards the arguments in favour of a single standard that the Board provides for itself under paragraph 7.39 (b) and (c), we consider these are achievable through the use of technology and we are therefore not convinced by them. In fact, we consider that this is how the IASB should carry out its standards-level review of extant disclosures.
**Question 14**

This section describes an approach that has been suggested by the NZASB staff for drafting disclosure objectives and requirements in IFRS Standards.

(a) Do you have any comments on the NZASB staff’s approach to drafting disclosure objectives and requirements in IFRS Standards described in this section (the main features of the approach are summarised in paragraph 8.2 of this section)?

(b) Do you think that the development of such an approach would encourage more effective disclosures?

(c) Do you think the Board should consider the NZASB staff’s approach (or aspects of the approach) in its Standards-level Review of Disclosures project? Why or why not?

Note that the Board is seeking feedback on the NZASB staff’s overall approach, rather than feedback on the detailed drafting of the paragraphs on the use of judgement in the NZASB staff’s example 1 or the detailed drafting of the specific disclosure requirements and objectives included in the NZASB staff’s examples 2 and 3. In addition, the Board is not seeking feedback on where specific disclosure objectives and requirements should be located in IFRS Standards (except as specifically requested in Question 13).

We think that the NZASB Staff’s approach is an interesting approach for the IASB to consider in its standards-level review of the disclosures project, in particular the two-tier approach (paragraph 8.12) and the emphasis on judgement (paragraph 8.20).

We agree with the list of the types of information identified in paragraph 8.8 but consider that more work needs to be done on the formulation of the disclosure objectives attached to these as such disclosure objectives could become too generic and repetitive with only the subject matter of the standard changing from one standard to another.

**Question 15**

Some stakeholders say that the way that disclosures are drafted in IFRS Standards might contribute to the ‘disclosure problem’, as described in Section 1. Some cite in particular the absence of clear disclosure objectives and the presence of long lists of prescriptively written disclosure requirements in Standards (see paragraph 8.4).

Nevertheless, other stakeholders observe that specific disclosure requirements might be simpler to use than applying judgement when determining how to meet disclosure objectives.

Do you think the way the Board currently drafts IFRS Standards contributes to the disclosure problem? Please give your reasoning. If you think the current drafting contributes to the disclosure problem, please provide examples of where drafting in Standards could be improved and why.

Please refer to our answer to question 1.

To address these issues, we think that the NZASB Staff’s proposals as regards disclosure objectives, disclosure categorisation and the use of less prescriptive language would be helpful.