



**Hans Hoogervorst**, Chairman  
International Accounting Standards Board  
30 Cannon Street  
London EC4M 6XH  
United Kingdom

Cc: DG-FISMA, EFRAG

09 March 2017

Dear Mr Hoogervorst,

**Re: Disclosure overload**

The IASB project Disclosure Initiative originated from the Discussion Forum on Financial Reporting Disclosure held in London in January 2013 and the previous survey on financial information disclosures conducted by the IASB.

In its Feedback Statement (May 2013) from the Forum (page 12), the IASB concluded that:

*The forum highlighted a sense of shared responsibility among participants. Users, preparers, standard-setters (including the IASB), auditors and regulators all accept that they contribute in some way to 'the disclosure problem' and that there is no single step or solution to fixing the problem. Having said that, there seemed to be agreement that progress could be made if one body took a lead in addressing these issues—and that that body should be the IASB. The IASB is well placed as an international body to bring the parties together. Just as importantly, the IASB could be a catalyst for change by making small yet meaningful amendments to IFRS disclosure requirements.*

At that time, the IASB identified three areas where it would consider further work in the near and medium term. They related to materiality, perceptions that existing standards prevent judgement and a more general review of disclosure requirements - including reconsideration of the Financial Statement Presentation project and a Standard-by-Standard review. IASB in the Feedback Statement (page 19) said regarding a general review of disclosure requirements:



*The IASB has heard, from many sources, concerns about the cumulative effect of the disclosure requirements that have been introduced in new or revised Standards over the last ten years. Many of those commentators have suggested that the IASB should conduct a general review of disclosure requirements. The IASB is currently considering disclosure principles as part of the Conceptual Framework project. Ideally, the IASB would prefer to complete its work on those principles before it begins any Standards-level work. However, waiting until the Conceptual Framework is completed would mean delaying any such review until at least 2016. Recognising that there is strong and broad support for improving disclosure, the IASB will consider whether there are ways that it can accelerate Standards-level work.*

Much of what was planned in 2013 has been put on the agenda of the IASB and been developed into specific projects over time. BUSINESSEUROPE appreciates that the IASB addresses important disclosure issues, e.g. materiality, in the Disclosure Initiative. We also understand that the IASB believes that the forthcoming Discussion Paper on Principles of Disclosure to be of importance. BUSINESSEUROPE will in due time comment on the Discussion Paper.

BUSINESSEUROPE, however, considers that issue of disclosure overload has been neglected by the IASB. No assessment has been made of the effect of the overall disclosure requirements. Even though some of the problems might be mitigated by a forthcoming Practice Statement on Materiality, future consistent principles for standard-setting for disclosures, targeted amendments of some IFRSs (IAS 1 and IAS 8) and putting emphasis on disclosure objectives when amending standards, there is a need for a comprehensive review of disclosure requirements in IFRSs in order to address the overload problem. BUSINESSEUROPE is disappointed that the IASB has not undertaken such a review as of this date.

The finalisation of two major new standards (IFRS 15 and IFRS 16) has brought about even more disclosures and the forthcoming IFRS 17 seems to be going in the same direction. Preparers can provide clear and undisputable evidence of the added burdens in implementing such disclosure requirements. This clearly indicates that something must be done to stem the tide. The way that IASB promotes better communication between preparers and users e.g. through the projects Primary Financial Statements and Principles of Disclosure and through the IFRS Taxonomy without considering what this will do to total reporting requirements is of grave concern. Reporting burdens must decrease, not increase.

The standard-setting environment is different today compared to 2013. This is e.g. due to the increased focus, not the least in Europe, on the need for efficient and cost-effective



regulation. BUSINESSEUROPE strongly believes that disclosure requirements in IFRS therefore is key area for review. It is not acceptable that the IASB continues to run large disclosure and communication projects without acknowledging that there is a problem of disclosure overload.

BUSINESSEUROPE notes that a standards-level review of disclosures is mentioned as a research project in the supporting agenda papers for the March 2017 ASAF meeting. However, it is also mentioned that this project will partially informed by the principles being developed in the Principles of Disclosure project. BUSINESSEUROPE is concerned that no specific time-table is set for a standards-level review and fears that this issue therefore will not be given high priority. Far too much time has already passed without any action being taken to address the disclosure overload problem. BUSINESSEUROPE therefore calls on the IASB to now initiate a general review of disclosure requirements. The work already performed by others on this theme, among them the work referred to in the Feedback Statement from 2013, can be of great help in this work.

Please do not hesitate to contact us should you wish to discuss these issues any further.

Yours sincerely,

Jérôme Chauvin