BUSINESSEUROPE

International Accounting Standards
Board (IASB)
30 Cannon Street
London EC4M 6XH
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29 September 2017

Dear Board Member,

Re: Discussion Paper on Principles of Disclosure

BusinessEurope appreciates the opportunity to comment on the IASB's Discussion Paper on Principles of Disclosure (herein referred to as the 'DP').

In general we support the Board's work to resolve the disclosure problem and we understand the Board's description of the problem. However, in our opinion, disclosure overload is the main problem in practice and that is where the Board's focus should be: to solve the issue of "too much irrelevant information". As for the DP, we think that the identified elements of the disclosure problem – viz. too much irrelevant information, lack of relevant information and the way information is communicated – are not of equal importance. In our view, the problems of "too little relevant information" and "effective communication" may cease to exist once the issue of disclosure overload has been resolved. Further we note that the problem of "too much irrelevant information" is also driven by the extensive documentation requirements needed to refrain from the presentation of immaterial information. For many preparers it needs less effort to simply report immaterial information instead of documenting the immateriality and entering into discussions with the statutory auditor.

To continue in this vein, the Discussion Paper is not exactly what we expected. While we were looking for a proposal that would solve the issue of disclosure overload by developing principles to fix disclosure requirements for the future and what form and level of aggregation the disclosures should have, the DP seems to us to be more of a piecemeal mix of questions and answers. Also, some issues, such as, for example, Communication and Formatting are not directly related to the disclosure problem, while issues such as which information to provide in or outside the financial statements and the impact of technology on presentation and disclosure of financial information are not addressed in the DP. In our view the IASB's primary focus should be on a comprehensive review of standard level requirements to tackle the disclosure overload problem in order to improve the quality of the disclosures in the financial statements and not to lengthen the financial statements.

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Furthermore, we are of the opinion that the project on disclosure overload should take into account the developments in the separate projects on Materiality and the Financial Statements, since there are interrelations between these projects, but the disclosure project must not be delayed by these other projects. As a result the IASB should try to develop disclosure principles that make the financial statements more relevant and more enticing to read.

Our responses to the questions posed in the DP are set out in Appendix 1.

If you wish to discuss any of the comments provided within this letter, please do not hesitate to contact us.

Yours sincerely,

Erik Berggren
Senior Adviser
Legal Affairs Department

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?

a) In general, we agree with the Board's description of the disclosure problem. We acknowledge that there are multiple problems when it comes to the provision of useful information and therefore we agree with the Board that it is not only the disclosure overload (being too much irrelevant information) but also the lack of relevant information and the way that information is communicated. However, we see the disclosure overload as the main problem. In our view, the problems identified in the DP are linked to each other. When preparers focus on relevant information instead of compliance with a list of specific disclosure requirements, the problem of "not enough relevant information" and "ineffective communication" might cease to exist. We acknowledge that there might be a behavioral problem when preparers apply IFRS Standards. In our experience, this is mainly a result of the wording of current IFRS standards which appear prescriptive and prevent prepares from applying materiality (see also DP 8.4). We urge the Board to focus on the disclosure overload as the main field of action. In addition, we realize that it is difficult to find a definition of "irrelevant" that is applicable to all users. To some users only the primary financial statements' information may be relevant while other have a specific focus on some details. As a consequence judgement by the preparing entity is needed to identify what information is relevant to its users. The Board should consider providing detailed guidance on the assessment of the relevance of information provided and set objectives for disclosures rather than specific disclosure requirements.

In addition, we think it is inevitable to connect the projects "Application of Materiality" and "Principles of Disclosure" as they both intend to reduce the Disclosure overload. By addressing this problem in multiple projects, the risk of contradictory feedback arises and this would make the projects even more complicated.

b) We agree with the Board's proposal to create a new disclosure standard as an amendment to IAS 1 regarding the principles of disclosure. In accordance with our answer on question 14, we think that disclosure requirements should be developed on the basis of the underlying transaction- its corresponding assets, liabilities, equity, income and expenses. Hence, we would see it most appropriate to have the specific disclosure objectives in each standard while overall disclosure principles should be incorporated in IAS 1. As the principal purpose of the Conceptual Framework is to assist the Board in developing new and reviewing existing IFRSs, we think that guidance on development of the principles and objectives of disclosure requirements should be incorporated in it.

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?

With regard to section 2 we want to comment on the Board's statement in DP 2.21. The Board mentions that online financial reports or structured electronic data could change the way a financial report is presented. We agree with this. tTerefore we think that it is crucial to the project that the Board identifies the type of reporting document that it will use as a base assumption, as this will have a material impact on the objectives and principles of disclosure.

In our view, the base assumption should be that preparers publish either a printed document or a PDF file since this is the most commonly used format and allows every user, including the least sophisticated, to save, download and read it without the need of further technologies.

Other types of documents may offer other possibilities for the presentation of information. In our view it would be worth assessing whether some parts of the disclosure requirements (e.g. the accounting policies) could be presented outside the financial statements, such as on the homepage of the reporting entity.
The most important aspect to bear in mind is that the focus should be on the information presented rather than on the format in which it is presented.

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.

a) As set out in our answer to question 1, we are of the opinion that the disclosure overload is the main problem and should be the issue with the highest priority. In our view, the other problems described in Section 1 may cease to exist if the disclosure overload is resolved. Hence, we do not agree that it is essential that the Board develop principles of effective communication.

b) We think that the Board should not develop the principles of paragraph 2.6 as mandatory requirements. We do not object to most of them, as they are common-sense considerations. However we think that section (f) should not be part of those principles. A requirement to "optimize comparability" would mean that an entity would have to look at its competitors' financial statements to decide how information should be provided. In our view, this is not a task of a reporting entity but should part of the principles used by the Board when creating the disclosure requirements.

c) In addition, we are of the opinion that the 2.6(g) should not form part of any guidance issued by the IASB: such considerations are well understood by preparers and need not be stated.

d) see a) If the Board decides nonetheless to develop such material, it should be of an educational nature and have no place in the hierarchy of IFRS accounting literature.

e) see a) and b) If some guidance is developed on the issue of formatting, and we do not think that it is necessary at all, we suggest that this would be best incorporated in some illustrative examples and thus should be non-mandatory.

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?

The definition of what constitutes the primary financial statements is within the scope of the Primary Financial Statements project since the Board decided against including this notion in the Conceptual Framework project. We agree with the Board that a definition of primary financial statements will be useful to avoid confusion, but we are aware of the debate over the status of the cash-flow statement and therefore would not want the development of such a definition to delay progress on the resolution of the issue of disclosure overload. With regard to the Board's proposal to include the statement of cash flows in the primary financial statements, we wonder why no notion of the cash flows is included in DP 3.22. Also, we think that it should be further discussed if the statement of changes in equity should be part of the primary financial statements. We note that this statement is a disaggregation of the information provided in the statement of financial position and therefore wonder whether it should not be part of the notes. If the boundary of the set of general-purpose financial statements including notes is defined clearly, the frontier between the primary financial statements and the notes is of secondary importance.

With regard to the role of primary financial statements, we fear that a focus on the elements of the primary financial statements and on the criteria "structured" and "comparable" undermines the principle of the provision of useful information. In our view, the primary financial statements' role is to provide a condensed overview about the entity's financial position and performance. Hence we suggest that the role should be described in accordance with the objective of general purpose financial reporting and the qualitative characteristics of useful financial information as laid out in the Conceptual Framework.

We agree with the description of the role of the notes and the guidance on the content of the notes.

In order to have a clear and common understanding, we think that there should be a clear statement on whether information should be presented in the primary financial statements or in the notes. This statement can be done by defining the meaning of "present" and "disclose" or by specifying the intended location. We think that the outcome of either option will lead to the same result. However, as stated above, the identification of the boundary between the financial statements and the notes is not a barrier to the resolution of the disclosure overload and must not delay it.

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)?

a) We agree with the Board's proposal to allow cross-referencing and by that reduce the duplication of information. With regard to 4.9(c) we suggest that not only a clear reference is given within the financial statements, but that the information outside the financial statements should be clearly marked as IFRS-compliant information. As a precondition to allowing the presentation of information outside of the set of IFRS financial statements, the Board proposes that information that is referred to is part of the reporting package. We think that it would be worth discussing whether the eligibility criteria should rather be information specific that solely relying on the location and the publication date. We think that the definition of IFRS 8 as provided in DP 4.22 is a good starting point. However, by looking into the future of financial reporting, we are of the opinion that such criteria should be made more broad, e.g. by not requiring the publication at "approximately the same time". Information could be eligible for cross reference if it is published no later than the respective IFRS report, is publicly available and up to date as of the reporting date and the date on which the IFRS report is published.

b) We also agree with the Board that this guidance should be principles-based rather than specific to each requirement, since the content of the annual reporting packages may vary throughout jurisdictions. Financial Risk Management in the management commentary in accordance with the German Standard DRS 20.

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?

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?

We agree that the Board should allow non-IFRS Information to be included in the financial statement as, in our experience, this is in some cases already common practice and has proven to be relevant to users. We also agree with the requirement to clearly label non-IFRS information as such in order to prevent users from misinterpreting information. With such a label in place, we then suggest that the Board delete the requirement of DP 4.38(b) since a list would not provide any further insight, would be onerous to compile and would contribute to the volume of unnecessary disclosure. A statement clarifying that non-IFRS-Information is unaudited (if that is the case) will be useful. However, we think that it is possible that an entity might include audited and unaudited non-IFRS information in its IFRS Financial Statements and this statement of whether information is audited should therefore be directly linked to the non-IFRS information presented.

We note that DP 4.38(c) requires additional (non-IFRS) information to be in line with the qualitative characteristics of IFRS reporting. While we understand the rationale behind this, we find it contradictory to require such information to be relevant and faithfully represented and yet distinguishable from information required by IAS 1.55 and IAS 1.112. We think clarification is needed on this issue.

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.

a) We recognise that the Board has given some thought on the issue of performance measures. We clearly see this issue as one that need to be discussed, especially in the light of the current developments in this regard, e.g. ESMA's Guideline on Alternative Performance Measures. However, we think that this subject that should not be dealt with in the context of disclosures as it serves as a distraction from the major issue. This should be dealt with as part of the Primary Financial Statements project.

Having said that, we generally agree with the Board's preliminary views that the presentation of an EBIT-Subtotal is feasible under both methods (nature of expense/function of expense). However, we find that to state that an EBITDA can only presented when an entity uses the nature of expense method cuts short the necessary debate. In our view, depreciation and amortization could be presented as "of which"-items, and hence the presentation of EBITDA could also be appropriate within the function of expense method.

We want to add that – in our view – principles-based guidance on this topic should be set at higher, more general level. In this case, the requirements of IAS 1.85A-B are sufficient since it states the requirement that all subtotals must be reconcilable to the line items presented in the primary financial statements. We disagree with the Board that it should develop guidance on the use of terms such as "unusual" or "infrequent". We are of the opinion that reporting entities should define the terms and use them respectively. In addition we suggest to require an explanation of the terms and how they are used.

b) We are of the opinion that it is not necessary to prohibit any terms, as these might be substituted by other terms. We think it may be more appropriate to require explanation of such terms if they are used within the financial statements prepared in accordance with IFRS.

c) We have no further suggestions.

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 in general with the Board's proposal in paragraph 5.34 and note that it is similar to ESMA's APM Guidelines. While we also agree that performance measures should have only equal or less prominence than line items, subtotals and totals in the primary financial statements (DP 5.34(a)), we think it will be difficult to prescribe how that prominence might be determined (e.g. if a performance measure is presented on the same page as the statement of financial position but not as a line item in that statement, it could be viewed as having more prominence because it is located outside the line items and at the same time it could be viewed as having less prominence because it is not part of the primary financial statements). In this regard, this could be seen as a formatting issue. We therefore refer back to our answer to question 3 d), i.e. we think non-mandatory guidance could be provided on how such prominence could be assessed and illustrative examples should illustrate how prominence can be assessed or when performance measures have more prominence than line items.

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.

a) We support the Board's intention to provide more guidance and clarify the content of the accounting policies to be disclosed. However, we think that it is not necessary to provide guidance on the presentation of Accounting Policies that relate to material items and are necessary for an understanding of the information provided (i.e. Category 1 Accounting Policies). In our experience, this is not a problem as of today.

Furthermore, we think that the existing disclosure requirement of IAS 1.117(b) is sufficient, since it requires the disclosure of accounting policies that are relevant to an understanding of the financial statements (i.e. Category 1 and 2 Accounting Policies). It could be accompanied by various examples that provide guidance on when an accounting policy is to be seen as relevant. We note that the Practice Statement on the application of materiality does include some guidance on the disclosure of accounting policies (PS02.9). However, we are of the view that the guidance should be further amended to ensure that preparers receive proper guidance, especially when it comes to accounting policies. Any amendment to the guidance should also be located within the Practice Statement to deal with the issue in a holistic way.

b) We welcome the fact that the Board tackling is the issue of the location of accounting policy disclosures. However, we also acknowledge the fact that it might be difficult for entities to allocate certain accounting policies to specific notes while collecting other accounting policies in a single note. We have no clear preference on the location of the accounting policies disclosure since both options have advantages and disadvantages. In addition we believe that the optimal location of the disclosures of accounting policies is user-specific with the effect that there cannot be a perfect solution. We are convinced that prepares should have flexibility and use judgement as well as their knowledge of their investors' preferences to find the best location for such disclosures. In this respect, it would be most helpful if the Board were to issue non-mandatory guidance on this subject, which could be within the Implementation Guidance or the Illustrative examples.

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?

We welcome the Board's initiative to align the disclosure requirements over different standards. We think that this could bring about a huge benefit. However, we are ambivalent about the Board's proposal. While we acknowledge that a centralized set of disclosure principles would be helpful in serving to align the requirements and enhance understanding, we think that a centralized set might be too aggregated to be applied to specific items or transactions. In our view it would be worth a discussion to present an aggregated set of disclosure principles within IAS 1 while more focused and detailed objectives are included in different standards.

In our view, the Board's focus must be on a detailed review of each and every standard with the aim of eliminating superfluous requirements and improving the quality of the mandatory disclosures.

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.

We welcome the Board's consultation and the discussion of the approaches that can be used to derive a set of disclosure objectives.

In our view, Method A is preferable. This is because most entities have a combination of various activities (e.g. sales of products, services directly attributable and independent from those products, sales financing and independent financing transactions, etc.). We fear it might be complex to apply a method that is developed with regard to specific activities. In our view, it is more feasible to derive the set of disclosures from an entity's assets, liabilities, equity, income and expenses as this corresponds to the format of the primary financial statements.

In addition, Method A is more in line with the proposed role of the notes, which is to "provide further information necessary to disaggregate, reconcile and explain the items recognised in the primary financial statements; and supplement the primary financial statements with other information that is necessary to meet the objective of financial statements".

Yet we acknowledge that Method B could be beneficial in producing information "along the value chain". We think it is worth further analyzing how Method B could be applied and whether a combination of Method A and B is possible.

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 are of the opinion that an aggregated set of principles that is applicable to all disclosures should be located within IAS 1 and more defined objectives relating to the subject in question should be included in within individual Standards The disclosure requirements should in our view be located solely within the individual standards. This would be more practical for preparers to apply and would require less judgement on the application of principles to specific transactions.

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).

a) Consistent with the NZASB Staff's proposals, we also prefer the use of Method A when drafting disclosure requirements. In addition, we support the NZASB Staff's approach to use less prescriptive wording in the requirements. The proposed two-tier approach seems also to be an approach that is worth looking into in more detail. We think that it is necessary to have a clear distinction between tier 1 and tier 2 disclosures. Hence, we would see it to be beneficial if the tier 1 requirements were described in more detail than at present in the NZASB Staff's examples.

b) We are of the opinion that refraining from too prescriptive wording is a first step towards more effective disclosure. We find the two tier approach worth further consideration (see answer a))

c) See answers a) and b).

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.

We think that the wording of standard has a vast impact on its application. While we are aware of the general principle of the application of materiality included in IAS 1, specific requirements seem to overrule the option of the application of materiality. This is – for example – the case within the notes requirements of IFRS 13.93, where a minimum amount of notes disclosure is required.

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