

EFRAG SECRETARIAT PAPER FOR PUBLIC EFRAG BOARD MEETING

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IASB DP/2017/1 *Disclosure Initiative - Principles of Disclosure* Cover Note

Objective

- 1 The objective of the session is to discuss and approve a consultation document containing EFRAG's preliminary responses to the questions in the IASB's DP/2017/1 *Disclosure Initiative - Principles of Disclosure* (the 'DP').

Background

- 2 The DP was issued by the IASB on 30 March 2017 and the consultation is open for comments until 2 October 2017.
- 3 The main objective of the Principles of Disclosure project is to identify disclosure issues and develop new, or clarify existing, disclosure principles in IFRS Standards to address those issues and to:
 - (a) help entities to apply better judgement and communicate information more effectively;
 - (b) improve the effectiveness of disclosures for the primary users of financial statements; and
 - (c) assist the IASB to improve disclosure requirements in IFRS Standards.
- 4 The DP is likely to result either in amendments to IAS 1 *Presentation of Financial Statements* or in the creation of a new general disclosure standard to replace relevant parts of IAS 1. The project might also result in the development of some non-mandatory guidance (such as educational material).

Previous discussions by the EFRAG Board

- 5 At its April 2017 meeting, the EFRAG Board had a preliminary discussion on the content of the DP. The EFRAG Board generally agreed with the preliminary views of EFRAG TEG and suggested that the following should be undertaken in preparing a draft comment letter:
 - (a) Consider whether the proposed topics explored in the DP would address the disclosure problem and whether any important topics have been omitted;
 - (b) Review, to the extent practicable, the effect of recent attempts to address the disclosure problem by, for example, considering the impact of regulatory pronouncements on behaviours as a basis for assessing the likely effect of the proposals. Some EFRAG Board members observed that this DP was an opportunity for EFRAG to contribute to the IASB's work in a proactive way;

- (c) The impact of technology on the presentation of financial statements and on disclosures;
 - (d) The need to clarify the boundary between financial statements and the annual report; and
 - (e) The scalability of disclosure requirements and the relevance of proposals for smaller listed companies.
- 6 In order to provide constituents with the maximum amount of time possible for considering the Discussion Paper, the EFRAG Board decided that a two-stage process would be undertaken in seeking the views of constituents.
- (a) EFRAG's preliminary views in response to the questions raised in the DP will be published as a preliminary consultation document; and
 - (b) In the second stage, EFRAG expects to issue a full draft comment letter that may address matters beyond those specifically raised in the DP.

EFRAG TEG recommendation to the EFRAG Board

- 7 At its conference call on 26 April, EFRAG TEG members present unanimously agreed to recommend to the EFRAG Board the preliminary consultation document contained in agenda paper 02-02.
- 8 EFRAG TEG members noted that the document was expressing preliminary views and therefore should be considered as a work in progress until the draft comment letter is issued.

Question for the EFRAG Board

- 9 Does the EFRAG Board approve for publication the preliminary consultation document contained in agenda paper 02-02?

Agenda Papers

- 10 In addition to this cover note, agenda paper 02-02 *Draft Preliminary Views on IASB DP/2017/1 EFRAG Board 17-05-03* has been provided for this session.