

# EFRAG TEG-CFSS MEETING

## DISCLOSURE REQUIREMENTS IN IFRS STANDARDS

Field work and outreach events update

15 September 2021

# Disclaimer

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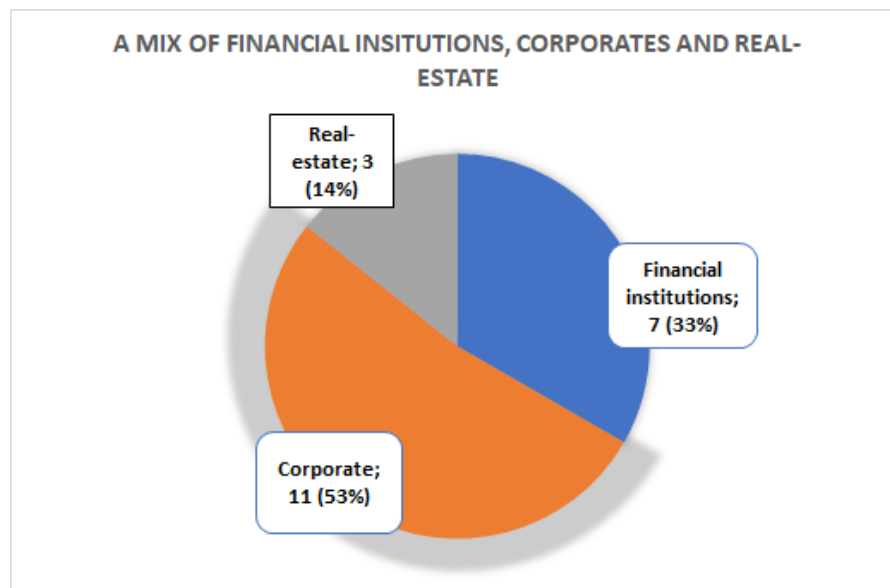
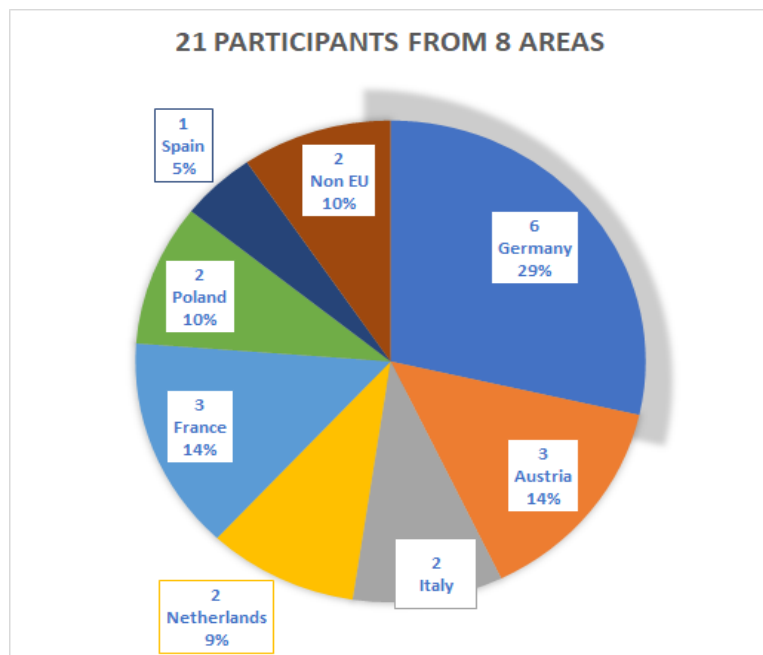
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## Objectives of the session

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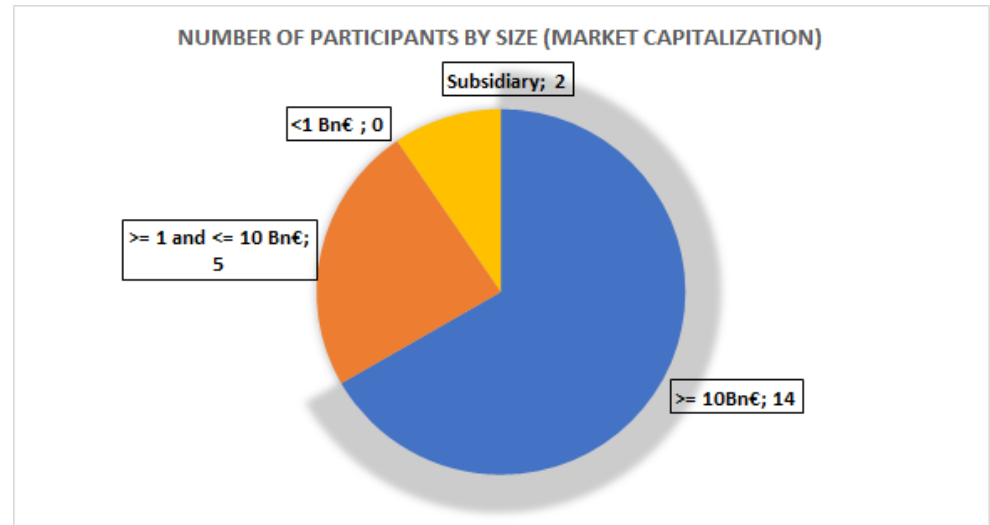
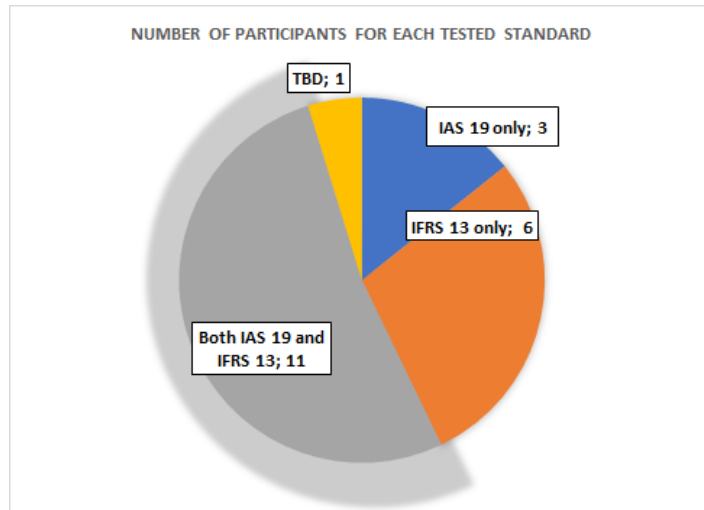
- The objective of the session is to provide EFRAG CFSS and EFRAG TEG with an update on the progress of EFRAG's field-testing activities as well as on outreach activities since the last TEG-CFSS meeting update in June 2021.
- At its July meeting, the IASB decided to exceptionally extend the comment period to 290 days until 12 January 2022. EFRAG has consequently adapted the timeline of the project (see slide EFRAG's Project overview). The comment period to EFRAG's Draft Comment Letter is now until 4 January 2022.

# Current status of field-test activities



- ❑ 17 companies agreed to prepare **mock disclosure** for one or both of the tested standards. 4 companies will provide more **limited input** either via questionnaire or interview.
- ❑ Participants are from a wide range of regions. However, there are some regions not represented among participants. **Input** from those missing regions **would still be highly appreciated**. Timing of participation in the field test can be discussed. We would still highly appreciate promotion for field test participation.

# Current status of field-test activities



- ❑ **Smaller entities** (< Market Cap < 1 Bn) remain **clearly under-represented**.
- ❑ Companies were requested to register interest in partaking until 10 September. However, the Secretariat will attempt to be **flexible to onboard later candidates** (especially small or medium entities).
- ❑ Participants will provide the results of the fieldwork until 25 October to EFRAG and the IASB.
- ❑ Private workshops will be organised with field test participants over October/ November. **Public Meeting(s) to discuss (anonymised) field work result** will be organised from **November onwards**.

# Outreach activities

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- On 30 June EFRAG held an educational event together with the IASB (participants from different backgrounds such as users, preparers, auditors, enforcers and for IAS 19 an actuary, shared their views and concerns on the proposals in the IASB's ED). A summary report of the event is available [here](#).
- Over September/ October EFRAG, together with the IASB will participate in the following public events
  - DASC and others' event on 'Disclosures' on **5 October** (focusing on this project and Subsidiaries without Public Accountability)
  - ASCG on **7 October** 2021
- Public outreach event **later in in Nov/Dec to discuss field test results** (on an anonymous basis). In slide Appendix 1: EFRAG work plan we provide a list of the outreach events (private and public) we are currently expecting to have from September and until the end of the project.
- EFRAG is having private meetings with the EFRAG TEG working groups, several professional, user and industry organisations and will continue the discussion based on the field test result.

# Main Messages heard so far

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- **Field testing is key for that project:**
  - ❑ Most of the organisations EFRAG has talked to so far – similar to EFRAG TEG working groups - had not yet formed a final view on the proposals. They generally agreed with EFRAG that a comprehensive field-testing was necessary. Therefore, EFRAG will share field test results as good as possible with all interested groups and organisations and continue the discussions with those organisations and EFRAG TEG working groups.
- Valuer organisations shared EFRAG's concern about the disclosure of 'alternative fair value measurements' using 'inputs that were reasonably possible at the reporting period end'.
- Judgement/concept of materiality was one of the main topics discussed. Enforceability and auditability were seen as possible issues and should be addressed in the field-testing/ Outreaches.
- Sensitivity analysis are meaningful disclosures and should be provided for the most relevant assumptions.

# Questions to EFRAG TEG-CFSS

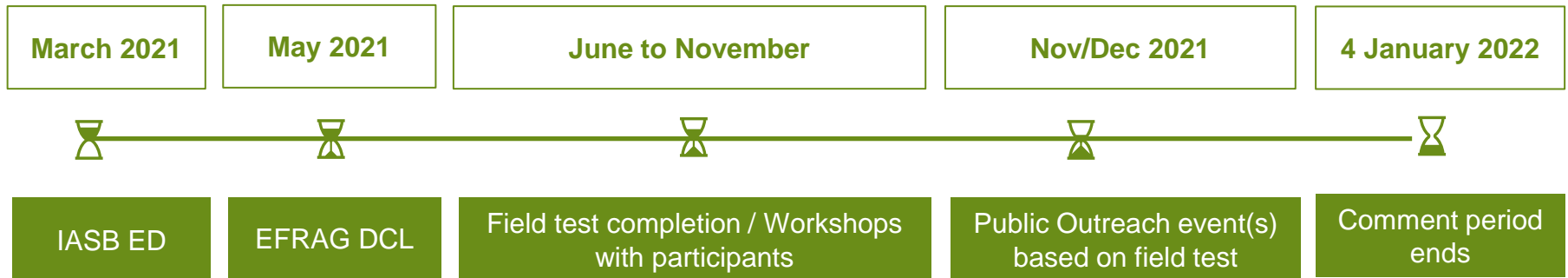
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1. Do EFRAG CFSS members have identified or expect to identify possible small or medium size companies candidates to participate to the test?
2. Do EFRAG CFSS / TEG members have comments or suggestions on the field-test and outreach activities planned by EFRAG?
3. Do CFSS members plan specific activities during the consultation period to which EFRAG could participate?



# Appendix 1: EFRAG's Project Time line

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Field test participation:

Participants can share field test results in one, some or all of the following ways:

- Mock note disclosures based on the proposals
- Questionnaire about developing mock disclosures
- Meeting to discuss mock disclosures, follow-up questions, issues and solutions

## Appendix 2: Project work plan

Date	Meeting	Objectives
6 September	Accountancy Europe meeting	Attend discussion on Accountancy Europe comment letter
8 September	CRUF meeting	Attend discussion on CRUF comment letter
5 October	Outreach event Denmark	To gather constituents' views on the project
7 October	Outreach event Germany	To gather constituents' views on the project
May to December	Outreach to Regulators, Auditors, valuers, actuaries and other external parties	To consult ESMA, ECB, EIOPA, EBA, Accountancy Europe, IVSC, TeGoVa
May to October	Conduct Field testing jointly with the IASB	To test in coordination with the IASB the new disclosure approach in practice (IFRS 13 and IAS 19 or participants per standard)
October/November	Workshop with preparers. Other parties like auditors and regulators might be invited.	To consult these groups on the field test outcome.
November/December	EFRAG Webinar jointly with the IASB and potentially user organisations	To consult different stakeholders on their input under consideration of the practical experience during field testing
July to December	EFRAG TEG and EFRAG TEG Working Groups like Users Panel, FIWG, IAWG and PPAP	Inform to field work result and get final input on the CL
January 2022	EFRAG TEG	To agree to recommend a FCL (and Feedback Statement) to the EFRAG Board
January 2022	EFRAG Board	To approve publication of FCL

## Appendix 3: Excerpt: Main Questions to EFRAG's constituents (contained in the Draft Comment Letter)

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### ***Overall approach***

*Do you agree that the IASB only mandates the overall and specific objectives for each IFRS Standard, or do you consider that the IASB should also mandate a list of minimum disclosure requirements necessary to meet the disclosure objectives?*

### ***IFRS 13***

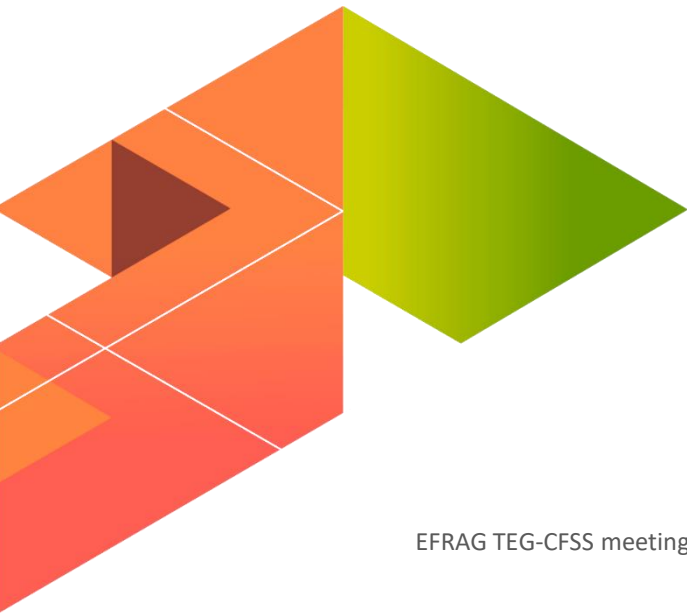
*Do you agree with EFRAG that the proposal to provide alternative fair values is too burdensome and raises issues of understandability, or do you consider that the benefit to users would outweigh the costs? Do you have any alternative proposals to provide information ?*

### ***IAS 19***

*Do you share EFRAG's concerns about the ASB's proposal to remove the requirement to provide sensitivity analyses for each significant actuarial assumption used to determine the present value of defined benefit obligations and replace it with an objective to provide information to allow users to understand the significant actuarial assumptions used?*



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