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Submitted via website

Brussels, 16 December 2021

Subject: Exposure Draft: Disclosure Requirements in IFRS Standards – A Pilot Approach Accountancy Europe comment letter

Dear Mr. Barckow,

Dear Mr. Gauzès,

We are pleased to res pond to the International Accounting Standards Board (IASB or the Board) Exposure Draft: Disclosure Requirements in IFRS Standards – A Pilot Approach (ED) and the European Financial Reporting Advisory Group (EFRAG)'s Draft Comment Letter (DCL) thereon.

Accountancy Europe welcomes the objective of the ED and supports moving from a check-list based approach to an objective-based approach for disclosure requirements. We agree that there is a 'disclosure problem' caused by:

- not enough relevant information
- too much irrelevant information, and
- ineffective communication of the information provided.

However, we are sceptical that the proposals as currently drafted will achieve the intended objective in practice due to the following challenges.

Firstly, behavioural changes are needed from all participants in the reporting ecosystem, not simply from the IASB and preparers, but also auditors and regulators. Some stakeholders in the reporting ecosystem may not be sophisticated, committed and ready enough to move away from their checklists towards exercising judgement on what users need and what to disclose as a result.

Secondly, the proposed specific disclosures objectives are not clear and concise enough. Identifying the 'common information needs' of primary users should be the responsibility of the Board. Preparers' role should be to apply materiality 'at the edges' and depending on their specific circumstances, to exclude immaterial information and add any additional material information.

Thirdly, purely objective-based disclosures pose challenges to digitalisation. Digital-friendly standards are increasingly important, particularly in the European Union, where digitalisation is an important aspect for financial reporting standards adopted here.

Lastly, the increased application of judgement associated with the proposed approach will likely increase costs overall. This could be due to system updates and governance processes adaptation, increased documentation burden, as well as operational challenges, significant efforts and time in exercising judgement at each closing. The proposals also increase legal risks due to potential disagreements between preparers and other stakeholders, which will result in further costs increases.

We suggest a hybrid alternative approach that could address these challenges whereby the Board would provide:

(i) overall disclosure objectives (requirements), as per the current ED

(ii) specific disclosure objectives (requirements), as per the current ED

(iii) minimum required items of information for specific disclosure objectives that would always be needed to be disclosed in order to meet the disclosure objectives (subject to that information being material to the entity)

(iv) additional items of information, over and above the minimum items, that may be needed in some circumstances to enable an entity to meet the disclosure objectives (subject to that information being material to the entity)

(v) examples in the Appendix to serve as guidance for entities.

We cannot emphasize enough the need for extensive and inclusive field-testing for the proposals in this ED. Field-testing could provide insights on the aforementioned challenges and determine a reasonable way forward for the Board to address the disclosure problem. Therefore, the IASB should receive and give equal weight to feedback from all involved stakeholders in the reporting ecosystem, including preparers, auditors, and regulators in addition to the primary users of financial statements. It is particularly important to obtain inclusive and representative feedback, including from less sophisticated stakeholders that will be affected by the proposals.

* * *

We kindly refer to Annex 1 and Annex 2 of this letter for our detailed responses.

Please do not hesitate to contact Jona Basha (jona@accountancyeurope.eu) in case of any questions or remarks.

Sincerely,

Olivier Boutellis-Taft

Chief Executive

ABOUT ACCOUNTANCY EUROPE

Accountancy Europe unites 50 professional organisations from 35 countries that represent close to 1 million professional accountants, auditors and advisors. They make numbers work for people. Accountancy Europe translates their daily experience to inform the public policy debate in Europe and beyond.

Accountancy Europe is in the EU Transparency Register (No 4713568401-18).

ANNEX 1: IASB ED – QUESTIONS FOR RESPONDENTS

We are pleased to provide below our detailed responses to the questions.

THE PROPOSED GUIDANCE FOR DEVELOPING DISCLOSURE REQUIREMENTS IN IFRS STANDARDS IN FUTURE

Question 1 - Using overall disclosure objectives

Paragraphs DG5–DG7 of this Exposure Draft explain how the Board proposes to use overall disclosure objectives in future.

(a) Do you agree that the Board should use overall disclosure objectives within IFRS Standards in future? Why or why not?

(a) Do you agree that overall disclosure objectives would help entities, auditors and regulators determine whether information provided in the notes meets overall user information needs? Why or why not?

(1) Accountancy Europe welcomes the objective of the ED and supports moving from a check-list based approach to an objective-based approach for disclosure requirements. We agree that there is a 'disclosure problem' caused by:

a. not enough relevant information

b. too much irrelevant information, and

c. ineffective communication of the information provided.

Therefore, we believe that focusing on users' needs and explaining these in the IFRS Standards could help stakeholders better assess the relevance of the information to be provided in the notes.

(2) However, we are sceptical that these proposals will achieve the intended objective in practice. Whilst the approach could help address the problems about insufficient useful information, we are concerned that it may not help reduce the disclosure overload that could still result from an inadequate application of materiality judgements.

(3) We sympathise with the views of the three Board members Mr Martin Edelmann, Mr Zachary Gast and Ms Suzanne Lloyd as noted in paragraphs AV1 – AV14 of the Basis for Conclusions of the ED. As a result, we suggest an alternative approach as explained in paragraphs 31 - 41.

Behavioural changes are needed from all participants in the reporting ecosystem

(4) The IASB's objectives-based approach proposal aims to achieve behavioural change by the different stakeholders in the reporting ecosystem, i.e., preparers, auditors and regulators. The approach requires these stakeholders to make many more judgements than they do presently (e.g.

on what information is relevant to users) and to make these judgements in a consistent manner. These stakeholders need to have the required knowledge, skills, experience, time and motivation to achieve behavioural change and move away from their checklists and 'what they did last year'. Under this new approach, stakeholders need to challenge themselves and others to make new decisions about what to disclose.

(5) The IASB's proposals are a necessary part of the change needed, but on their own they are insufficient to ensure that change occurs. We are concerned that without the appropriate commitment and capacity to change from the other stakeholder groups, the IASB's proposals could lead to a deterioration in the quality of some reporting. Therefore, we call on the IASB to take the next steps cautiously, and to engage with the preparer community, the audit profession and regulatory bodies. The IASB needs to understand what else needs to be done within those stakeholder groups to ensure that all are ready, willing and able to take this big step forward together.

Role of the notes in financial statements

(6) We appreciate that the approach would require stakeholders to apply the same level of rigour to the notes to the financial statements as for the primary financial statements. This is important because the quality objectives underpinning the 'true and fair view' are the same for all aspects of the financial statements. We also support the introduction of 'supplemental' and 'specific' 'overall disclosure objectives' that:

a. explain what information is needed and why, and

b. are driven by the IASB's due process, including impact assessment, thus ensuring that they adequately reflect stakeholders' expectations.

(7) We note that the proposals of the ED align well with Accountancy Europe's view expressed in our comment letter to the IASB's Discussion Paper DP/2017/1 Disclosure Initiative – Principles of Disclosure.[1]

(8) Nonetheless, we encourage the Board to better explain how the proposals in this ED fit with the Conceptual Framework, IAS 1 *Presentation of Financial Statements* (IAS 1) and/or the IASB's project on Primary Financial Statements. We note a missed opportunity for synergies on proposals on the notes to the financial statements (see paragraph 9 below) between this ED and the results of the IASB's ED: *General Presentation and Disclosures* (PFS ED), which are yet to be finalised by the Board.

(9) We suggest that the Board clarifies the purpose, role and boundaries of the notes to the financial statements, as part of both of these EDs. It would be useful to distinguish between the information provided in the notes, such as, for example:

a. comments on primary financial statement figures
b. additional quantitative information, particularly in relation to a specific disclosure objective
c. additional qualitative information, particularly in relation to a specific disclosure objective.

[1] Accountancy Europe (2017), *IASB's discussion paper on Principles of Disclosure*, see: https://www.accountancyeurope.eu/consultation-response/iasbs-discussion-paper-principles-disclosure/

Need for extensive field testing

(10) We support having both overall and specific disclosure objectives within each IFRS. However, we note that in the two test cases used, the Board is sometimes too generic in describing these objectives. In addition, it is our impression that the needs addressed are mainly those of the equity investors.

(11) We believe that extensive and inclusive field-testing is of paramount importance to receive and give equal weight to feedback from all involved stakeholders in the reporting ecosystem, including preparers, auditors, and regulators in addition to the primary users of financial statements. It is particularly important to obtain inclusive and representative feedback, including from less sophisticated stakeholders that will be affected by the proposals. This due to the fact that these proposals will result in a change in the approach to disclosures, which applies to the two tested standards, all other IFRS standards but also any future IFRS standards. We commend IASB for extending the consultation period to allow for the necessary time needed to field-test these proposals.

(12) Following the above, and as noted in paragraphs 15 – 17, the IASB should be very specific in determining users' needs to adequately support preparers', auditors' and regulators' judgements.

Question 2 - Using specific disclosure objectives and the disclosure problem

Paragraphs DG8–DG10 of this Exposure Draft explain how the Board proposes to use specific disclosure objectives in future.

a) Do you agree that specific disclosure objectives, and the explanation of what the information is intended to help users do, would help entities apply judgements effectively when preparing their financial statements to:

(i) provide relevant information;

(ii) eliminate irrelevant information; and

(iii) communicate information more effectively?

Why or why not? If not, what alternative approach would you suggest and why?

b) Do you agree that specific disclosure objectives, and the explanation of what the information is intended to help users do, would provide a sufficient basis for auditors and regulators to determine whether an entity has applied judgements effectively when preparing their financial statements? Why or why not?

(13) Accountancy Europe recognises that specific disclosure objectives will help meet the overall disclosure objectives and ultimately help address the current disclosure problem. Nonetheless, we consider that a purely objective-based approach is not sufficient and suggest an alternative approach as per paragraphs 31 – 41.

(14) We agree with the Board's methodology requiring that the identification and selection of the specific disclosure objectives rely on a robust cost-benefit analysis (detailed in BC34 - BC40). However, we would have appreciated a more thorough explanation of the cost and benefits of all the stakeholders involved, particularly benefits for preparers from better communication about management's stewardship of the company.

Clear and concise specific disclosure objectives

(15) Individual users may have different information needs and these needs may change from one reporting period to the other. Therefore, it is essential that the Board adequately identifies the 'common information needs' of primary users and provides sufficiently specific disclosure objectives to meet these information needs. Identifying the common information needs of primary users should primarily be the responsibility of the Board rather than the preparers. A preparer's role should be to apply materiality to those common information needs in the context of their specific circumstances, excluding that which is not material, and adding in any additional information that is specific and material to them. Successfully identifying and specifically describing the common information needs of primary users by the IASB will support any preparers that may face challenges in making materiality judgements arising from their level of sophistication as noted in paragraphs 26 – 29.

(16) We note that in the two tested standards, certain objectives were too general and repetitive and merely reflected the existing requirements instead of providing insights into users' needs. For example, the disclosure requirements in paragraphs 147D and 147E of the proposed [Draft] International Accounting Standard (IAS) 19 *Employee Benefits* (IAS 19) are too high-level. In contrast, some of the other objectives were very specific. For example, paragraphs 147F and 147V of the [Draft] IAS 19 provide information that will always be needed to meet a specific disclosure objective.

(17) Clear and specific disclosure objectives, that adequately describe primary users' common information needs, will typically lead to preparers needing to make materiality judgements only 'at the edges'. By that we mean that the extent to which a preparer needs to deviate from the disclosure objectives by excluding specified information because it is immaterial, or adding material information not specified, should be minimal, and relating to matters at the periphery of the entity's operations. Furthermore, clear and specific disclosure objectives should themselves support the materiality judgements that a preparer needs to make, including the level of detail that a preparer should include in order to meet the objectives. This should include helping preparers identify when specific information is niche and not needed to meet the common information needs of primary users and can therefore be excluded.

Digitalisation considerations

(18) We appreciate the Board's considerations to balance entity-specific information with information that is comparable across entities when developing specific disclosure objectives, as noted in paragraph DG10 of the ED.

(19) Nonetheless, we urge the Board moves from a paper-based mindset to one that incorporates digitalisation in its standard setting activities, as noted in our response to the IASB's *Request for Information: Third Agenda Consultation*.[2]

(20) Consequently, we would have appreciated a broader consideration on digitalisation of reporting in developing these proposals. Whist we agree with the objective of the project, we note that removing the standardised list will pose challenges to digitalisation. We provide some examples below.

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[2] Accountancy Europe (2021), *IASB's third agenda consultation, EFRAG's draft comment letter and own proactive research agenda consultation*, see: https://www.accountancyeurope.eu/consultation-response/iasbs-third-agenda-consultation-efrags-draft-comment-letter-and-own-proactive-research-agenda-consultation/

a. An increase in entity-specific information will likely result in companies using more extensions. These would need to be correctly anchored in a particular category to be found by users, e.g., entity-specific items needed to satisfy a certain specific disclosure objective.

b. There could be a practical issue from the application of materiality in so far as when information is consumed in digital form. There is a risk that the context of that information may be lost, thereby reducing the usefulness of that information compared with paper-based financial statements. Although this is a general risk associated with digital consumption, we are concerned that, paradoxically, it could be heightened through greater use of materiality. We would welcome guidance from the IASB on if, and how, preparers should consider digital consumption of information when making materiality judgements.

c. In a digital environment, comparable and standardised data sets may conflict with the entity's selection using relevance criteria. Users expect a common/unique set of tags in digital reporting, which does not necessarily result from applying the relevance criterion as intended in paper-based reporting.

d. When considering a common set of data, users have to delete the entity extensions in order to trace back to the most generic parent tag. The distance between the entity extension and the respective parent tag (often not defined by IFRS but resulting from 'common practices') creates an uncertainty/ reliability issue that is not visible to users of the digital reporting.

(21) In the European Union (EU), digital-friendly standards have become an important aspect for financial reporting standards adopted here. Therefore, it is important that any future IFRS adopted in the EU considers digital reporting. For example, the European Single Electronic Format (ESEF) is seen as a tool that improves comparability both for qualitative and quantitative information. Regulators support it as it improves comparability and efficiency. In addition, auditors are soon expected to provide assurance of ESEF.

Question 3 - Increased application of judgement

Paragraphs DG2–DG3 and DG8–DG13 of this Exposure Draft explain why, in future, the Board proposes to:

(a) use prescriptive language to require an entity to comply with the disclosure objectives.

(b) typically use less prescriptive language when referring to items of information to meet specific disclosure objectives. An entity, therefore, would need to apply judgement to determine the information to disclose in its circumstances.

This approach is intended to shift the focus from applying disclosure requirements like a checklist to determining whether disclosure objectives have been satisfied in the entity's own circumstances. Paragraphs BC188–BC191 of the Basis for Conclusions describe the likely effects of this approach on the behaviour of entities, auditors and regulators towards disclosures in financial statements. Paragraphs BC192–BC212 of the Basis for Conclusions describe the likely effects of this approach on the quality of financial reporting, including the cost consequences of the approach.

(a) Do you agree with this approach? Why or why not? If not, what alternative approach do you suggest and why?

(b) Do you agree that this approach would be effective in discouraging the use of disclosure requirements in IFRS Standards like a checklist? Why or why not?

(c) Do you agree that this approach would be effective in helping to address the disclosure problem? For example, would the approach help entities provide decision-useful information in financial statements? Why or why not?

(d) Do you agree that this approach would be operational and enforceable in practice? Why or why not?

(e) Do you have any comments on the cost of this approach, both in the first year of application and in subsequent years? Please explain the nature of any expected incremental costs, for example, changes to the systems that entities use to produce disclosures in financial statements, additional resources needed to support the increased application of judgement, additional audit costs, costs for users in analysing information, or changes for electronic reporting.

(22) Accountancy Europe does not support the proposed approach to using less prescriptive language in listing items of information as it does not create the right focus or impose the appropriate obligation on the preparers to assess the need to disclose these items. Consequently, we think such language does not help meet the IASB's objective to incentivise preparers to apply judgement and only disclose information that is material and relevant for achieving the objective.

(23) This wording also increases the reliance on preparers making adequate judgements. It also raises enforceability and auditability issues: in the absence of guidance on what items would always meet a specific disclosure objective compared with those items that are listed for specific circumstances, preparers may still use the items in these lists as a checklist and disclose more than is needed. Therefore, there may be additional legal risks as well as documentation costs for preparers, enforcers and auditors (see paragraph 30).

(24) We support using a more graduated approach that distinguishes clearly between what information is required to meet a specific disclosure objective and what other additional information may be needed in specific circumstances. The latter will enable preparers to carefully consider whether any of the additional listed items are material to their circumstances in meeting users' needs for specific disclosure objectives, rather than simply providing all the information listed.

(25) The Board could replace the proposed less prescriptive language with something around the lines of '*an entity should assess whether the following information is necessary to meet the disclosure objective in paragraph [x]*'. Such wording would help preparers better focus on these items and apply judgement on them.

Need to consider the sophistication of stakeholders involved in the reporting ecosystem

(26) As noted in paragraphs 4 – 5, the IASB could consider the state of play, sophistication and readiness of stakeholders in all jurisdictions that apply IFRS in drafting its final guidance.[3] If the stakeholders in many of these jurisdictions are not yet ready to implement such proposals, the IASB may consider providing a longer than normal implementation period to allow time for suitable upskilling. Field test results will help determine this.

(27) The successful application of the proposed approach by preparers may depend on their location and size, but mainly on the expertise of preparers and the amount of resource they have. We note that it may be particularly challenging for smaller preparers, which do not necessarily engage actively with users as larger preparers with specialised stakeholder-relationship departments do.

[3] IFRS, *Who uses IFRS Standards?*, See: https://www.ifrs.org/use-around-the-world/use-of-ifrs-standards-by-jurisdiction/

These preparers may feel like they have been left with a blank page or may simply continue doing what they have been doing in the past.[4]

(28) Our observations regarding the range of expertise of preparers relates in particular to the way they apply materiality as we consider this an important contributor to the disclosure problem. Our observations in respect of how entities apply materiality relates not only to judgements about what information needs to be included, but also judgements about what information can be excluded. For example, some preparers merely roll forward annual templates for interim reporting, even though IAS 34 *Interim Financial Reporting* (IAS 34) allows entities to significantly summarise disclosures. Such preparers tend to disclose all information, even if not material in the context of the objective of interim reporting, instead of having to demonstrate to auditors and regulators that it is not material. The exception is when disclosures are clearly optional (e.g., paragraph 128 of IAS38, and/or paragraph 79 of IAS16), when entities rarely give the 'optional' information.

(29) We therefore ask the IASB to consider whether the use of Practice Statement 2 *Making Materiality Judgements* could be made mandatory (even if parts of its guidance must remain illustrative), to help address our observations about the application of materiality. We note that the Alternative Views set out in the ED also raise concerns about the quality of materiality judgements.

Increased costs

(30) Increased application of judgement will require preparers, auditors and regulators to use more experienced staff, which will likely increase costs overall. In addition:

a. the proposals could result in a need to update systems which are typically constructed using the elements of the mandated disclosures in the existing IFRS Standards

b. applying the proposals could result in needs to change an entity's governance processes over the financial reporting process

c. the proposals may result in increased documentation burden for all parties; for example, preparers may feel the need to evidence the reasons they did not make (particular) disclosures required by the previous version of a Standard

d. it may not be feasible operationally (i.e., in terms of time and resources) for preparers to exercise this judgement at each closing. For example, absent a defined list of requirements, an entity should ask its subsidiaries for a range of information about each disclosure objective before assessing whether in aggregate this information is material at group level and requires disclosure

e. significant efforts, time and costs will be needed to change disclosures in case the users' needs for information change

f. there may be legal risks resulting from the application of the proposals between preparers and other stakeholders, which may further increase costs.

[4] We note that the IASB's project *Subsidiaries without Public Accountability* takes a different approach from this project in that it places greater emphasis on providing a list of minimum disclosures, however the scope of that project is limited to subsidiaries and therefore, in its current form, will not address the concern we raise here.

Alternative approach

(31) We sympathise with the views of the three Board members Mr Martin Edelmann, Mr Zachary Gast and Ms Suzanne Lloyd as noted in paragraphs AV1 – AV14 of the Basis for Conclusions of the ED.

(32) There is a delicate balance between making adequate materiality judgements and comparability (including for digitalisation purposes). Therefore, we suggest the Board considers a hybrid approach between the current state of play and the proposals in the ED. Under this alternative approach, the Board would provide:

(i) overall disclosure objectives (requirements), as per the current ED

(ii) specific disclosure objectives (requirements), as per the current ED

(iii) minimum required items of information for specific disclosure objectives, that would always be needed to be disclosed in order to meet the disclosure objectives (subject to that information being materiality to the entity)

(iv) additional items of information, over and above the minimum items, that may be needed in some circumstances to enable an entity to meet the disclosure objectives

(v) examples in the Appendix to serve as guidance for entities.

(33) As noted in paragraphs 1 – 2, we support an objective-based approach, based on understanding users' needs, to disclosure requirements. Therefore, in our alternative approach we suggest keeping these two first layers.

(34) As per paragraphs 15 – 17 of our response, we emphasise that the Board should be as specific as possible in determining the disclosure objectives based on their extensive users' outreach. This could cover most common needs for information, leaving preparers to make materiality judgements about disclosing additional information only at the periphery.

(35) In the third level (see paragraph 32(iii)), we envisage that the Board would use its collaboration with stakeholders to determine which items of information will always be needed to meet users' needs (subject to a materiality filter) and as a result comply with specific disclosure objectives in most cases. The Board should link these minimum required items of information with one or more specific disclosure objectives and should also explain how these items meet a specific disclosure objective.

(36) This approach would help:

a. ensure comparability

b. facilitate digital reporting

c. ensure relevant disclosures even from less sophisticated preparers

d. address potential disagreements between preparers and regulators as well as between preparers and auditors.

(37) An entity would still be required to apply materiality judgements to this list of 'minimum' disclosures to disclose only the items of information that are material, and as a result, not disclose immaterial

information. Mandating a list of 'minimum' disclosures would help address concerns about comparability, auditability and enforceability.

(38) In paragraph DG13 of the ED, the Board has already predicted that there may be cases that some items of information would always be needed to meet the detailed information needs of users of financial statements described in the specific disclosure objective. Such was the experience with some of the biggest IFRS standards issued in recent years[5]: minimum requirements helped preparers apply these standards in the beginning. Therefore, in such cases, the Board already expects to use prescriptive language to require the disclosure of these items of information. Please refer to paragraph 43.a for our comments on the proposed language for this layer.

(39) We note that this approach of setting out 'minimum' disclosures is already applied in paragraphs 105, 109, 116 and 120 of the [Draft] amendments to IFRS 13 *Fair Value Measurement* (IFRS 13) as well as in paragraphs 147F and 147V of the [Draft] amendments to the International Accounting Standard (IAS) 19 *Employee Benefits* (IAS 19). In addition, it may also be the case for other 'voluntary' items of information in the ED. For example, all the items in paragraph 110 of IFRS 13 *Fair Value Measurement* (IFRS 13) may be needed to meet the objective provided in paragraph 107 of IFRS 13.

(40) In the fourth level (see paragraph 32(iv)), we envisage that the Board would identify 'additional' items of information, linked to one or more specific disclosure objectives. The entity would need to apply materiality judgements to determine whether these disclosures are required in its circumstances, and if so, what entity-specific information is needed to meet the disclosure objective. Please refer to paragraph 25 for our comment on the proposed language for this level.

(41) Finally, the Board should complement the requirements with examples and guidance that clarify the approach for preparers, such as:

(i) sufficiently detailed guidance on what users need

(ii) several examples of disclosures that would meet users' needs for information.

Question 4 – Describing items of information to promote the use of judgement

The Board proposes to use the following less prescriptive language when identifying items of information: 'While not mandatory, the following information may enable an entity to meet the disclosure objective'. Paragraph BC19–BC26 of the Basis for Conclusions describe the Board's reasons for this language and alternative options that the Board considered.

Do you agree that the proposed language is worded in a way that makes it clear that entities need to apply judgement to determine how to meet the specific disclosure objective? If not, what alternative language would you suggest and why?

(42) Accountancy Europe does not agree that the proposed wording ('*while not mandatory, the following information may enable an entity to meet the disclosure objective*') clarifies that entities need to apply judgement to determine whether any or all of the listed items or any other items not listed meet a specific disclosure objective. Please refer to paragraphs 24 – 25 above.

(43) In paragraphs 31 – 41 we suggest an alternative approach to address the challenges of objective-based disclosures. In adopting this approach, the Board could use the following language:

[5] For example, IFRS 9 *Financial Instruments*, IFRS 15 *Revenue with Contracts with Customers*, IFRS 16 *Leases*, and IFRS 17 *Insurance Contracts.*

a. a more prescriptive language such as '*shall disclose*' for the third proposed level under paragraph 38 above (i.e. (iii) minimum required items of information, linked to one or more specific disclosure objectives that would always be needed to be disclosed in order to meet the disclosure objectives). An entity would be required to disclose such items of information unless there is a specific reason not to do so.

b. language as proposed in paragraph 25 for the fourth level, (i.e. (iv) additional items of information, over and above the minimum items, that may be needed in some circumstances to enable an entity to meet the disclosure objectives).

Question 5 – Other comments on the proposed Guidance

Paragraphs BC27–BC56 of the Basis for Conclusions describe other aspects of how the Board proposes to develop disclosure requirements in IFRS Standards in future applying the proposed Guidance. Paragraphs BC188–BC212 of the Basis for Conclusions explain the expected effects of any disclosure requirements developed using the proposed Guidance.

Do you have any other comments on these aspects? Please indicate the specific paragraphs or group of paragraphs to which your comments relate (if applicable).

(44) It is our understanding that the [Draft] *Guidance for the Board to use when developing and drafting disclosure requirements in IFRS Standards* (Guidance) will be a new type of document for the IASB and IFRS Foundation. In our view, this document should be a quality content standard/directive with similar due processes as the Due Process Handbook. It is important its proposals are consulted upon, similarly to the current process in this ED, and the document is made public.

(45) Currently, it is our understanding that the Guidance will remain non-binding, including not being endorsed in Europe. However, the principles and methodology applicable by the Board may also be useful to an entity when assessing whether contemplated disclosures indeed comply with the overall and specific objectives set.

(46) Finally, we suggest the Board clarifies whether this new Guidance relates to the Due Process Handbook, the Conceptual Framework, or is a new type of guidance that frames standard setting.

(47) On another note, we observe that the Exposure Draft: Subsidiaries without Public Accountability: Disclosures takes a different approach to disclosures than this ED, particularly in listing a minimum set of disclosures. We believe that the alternative approach proposed in paragraphs 31 – 41, particularly item iii) could enable alignment and link these two projects.

(48) In addition, we would have appreciated better alignment with Exposure Draft: Management Commentary (MC ED) on:

a. the disclosure objectives: this ED lists 2 levels of disclosure objectives (overall objectives and specific objectives), whereas the MC ED provides 3 levels of disclosure objectives (headline objective, assessment objectives, specific objectives)

b. labelling disclosure objective: this ED labels the overall information needs of users as 'overall objective', whereas the MC ED uses 'headline objective'

c. labelling examples of disclosures: this ED addresses these in 'items of information', whereas the MC ED uses 'key matters' and 'metrics'

d. wording for items of information that are not mandatory but may help achieve a(some) specific disclosure objective(s): this ED uses the wording '*while not mandatory, the following information may enable an entity to meet the disclosure objective*', whereas the MC ED uses '*could include*'.

PROPOSED AMENDMENTS TO IFRS 13 FAIR VALUE MEASUREMENT APPLYING THE PROPOSED GUIDANCE

(49) We provide feedback to the proposed amendments to IFRS 13 in addition to our general considerations to the IASB's proposed Guidance in developing disclosure requirements in IFRS.

ASSETS AND LIABILITIES MEASURED AT FAIR VALUE IN THE STATEMENT OF FINANCIAL POSITION AFTER INITIAL RECOGNITION

Question 6 – Overall disclosure objective for assets and liabilities measured at fair value in the statement of financial position after initial recognition

Paragraphs BC62–BC73 of the Basis for Conclusions describe the Board's reasons for proposing the overall disclosure objective for assets and liabilities measured at fair value in the statement of financial position after initial recognition.

Do you agree that this proposed objective would result in the provision of useful information that meets the overall user information needs about assets and liabilities measured at fair value in the statement of financial position after initial recognition? If not, what alternative objective do you suggest and why?

(50) Accountancy Europe generally agrees that the overall disclosure objective for assets and liabilities measured at fair value in the statement of financial position after initial recognition, as per paragraphs 100 – 101 of the [Draft] amendments to IFRS 13 in this ED. Information that enables the understanding of the entity's exposures and uncertainties associated with fair value measurement is useful and constitutes relevant disclosures on the topic.

(51) We wonder why the proposals on the guidance were tested on IFRS 13 when the post-implementation review (PiR) of IFRS 13 concluded that the standard was fit-for-purpose. In our understanding of paragraphs BC69 - BC96 of the Basis for Conclusions of this ED, the Board is trying to address the continuum between Level 2 and Level 3 of the fair value measurement hierarchy. However, this was not identified as a problem from the PiR of IFRS 13. Therefore, field-testing these proposals is key to assessing their success and will confirm the overall users' information needs and whether it is appropriate to revise the standard.

Question 7 – Specific disclosure objectives for assets and liabilities measured at fair value in the statement of financial position after initial recognition

Paragraphs BC74–BC97 of the Basis for Conclusions describe the Board's reasons for proposing the specific disclosure objectives about assets and liabilities measured at fair value in the statement of financial position after initial recognition, and discuss approaches that the Board considered but rejected.

(a) Do you agree that the proposed specific disclosure objectives capture detailed user information needs about assets and liabilities measured at fair value in the statement

of financial position after initial recognition? Why or why not? If not, what changes do you suggest?

(b) Do you agree that the proposed specific disclosure objectives would result in the provision of information about material fair value measurements and the elimination of information about immaterial fair value measurements in financial statements? Why or why not?

(c) Do you agree that the benefits of the specific disclosure objectives would justify the costs of satisfying them? Why or why not? If you disagree, how should the objectives be changed so that the benefits justify the costs? Please indicate the specific disclosure objective(s) to which your comments relate.

(d) Do you have any other comments on the proposed specific disclosure objectives?

Please indicate the specific disclosure objective(s) to which your comments relate.

(52) Accountancy Europe welcomes providing specific disclosure objectives for assets and liabilities measured at fair value in the statement of financial position after recognition. However, we strongly suggest the IASB to be clearer and more concise when setting out these specific disclosure objectives as we find them too high-level and generic to be helpful.

(53) We note that much of the underlying rationale in the current paragraphs 91 and 93 of IFRS 13 have been retained, whilst aiming to order and clarify the checklist complexity of the current requirements. Therefore, we reiterate the importance of field-testing in understanding the need to revisit IFRS 13 as noted in paragraph 51.

(54) We support the specific disclosure objectives in:

a. assets and liabilities within each level of the fair value hierarchy (paragraphs 103-106 of the [Draft] amendments to IFRS 13 in this ED)

b. measurement uncertainties associated with fair value measurements (paragraphs 107 – 110 of the [Draft] amendments to IFRS 13 in this ED)

(55) However, we have reservations about the proposals regarding:

a. reasonably possible alternative fair value measurements (paragraphs 111 – 113 of the [Draft] amendments to IFRS 13 in this ED), and

b. reasons for changes in fair value measurements (paragraphs 114 – 117 of the [Draft] amendments to IFRS 13 in this ED).

Reasonably possible alternative fair value measurements vs. sensitivity analysis

(56) We note that the ED proposes replacing sensitivity disclosures with reasonably possible alternative fair value measurements. However, disclosing and applying materiality judgements on alternative fair value measurements may be more burdensome for preparers than the existing requirements for sensitivity disclosures without commensurate increases in benefits for users. In addition, it may be difficult for preparers to understand and calculate 'reasonably possible alternative fair value measurements' due to the broad range of possibilities that may fall in this group.

(57) The above challenges may result in information overload, cast doubt over the fair value amounts in the primary financial statements, or worse, lead to insufficient disclosures in case preparers conclude that there are no such 'reasonably possible alternative fair value measurements' as the

necessary inputs and assumptions have already been included in their current fair value measurement models.

(58) In our view, the sensitivity analysis provides them with the necessary information on exposures and uncertainties associated with fair value measurements (captured by the sensitivity analysis), which will meet the overall objective. In addition, the PiR of IFRS 13 did not evidence any deficiencies with the sensitivity analysis. Therefore, we suggest the Board to provide additional information on the deficiencies evidenced by users with the sensitivity analysis before seeking to amend this element of IFRS 13.

(59) On the other hand, sensitivity analysis for items categorised in Level 3 of the fair value hierarchy provides useful information in understanding the exposures and uncertainties of fair value. It allows users to understand the fluctuations in fair value measurements, which are used overall in financial reporting, including for example, in internal reporting including budgets.

(60) As per the above, we suggest keeping the current sensitivity analysis disclosures instead of the proposed specific disclosure objectives for reasonably possible alternative fair value measurement, as per paragraphs 111 – 113 of the [Draft] amendments to IFRS 13 in this ED.

Reasons for changes in fair value measurements

(61) In practice, there are tensions about disclosures on items categorised in the Level 3 of the fair value hierarchy due to:

a. the higher risk involved compared to items categorised in Level 1 or Level 2 of the fair value hierarchy, and

b. to the extra disclosures burden associated with this level, i.e., higher volume of disclosures required.

As a result of these tensions, companies may categorise in Level 3 only as a last resort.

(62) Whilst we agree that it might be relevant to provide reasons for changes in fair value measurements in some cases, we suggest allowing for aggregation or disaggregation of information as per the principles provided in the PFS ED. This will reduce the number of disclosures, whilst still providing relevant and material information.

Question 8 – Information to meet the specific disclosure objectives for assets and liabilities measured at fair value in the statement of financial position after initial recognition

Paragraphs BC74–BC97 of the Basis for Conclusions describe the Board's reasons for proposing the items of information to meet the specific disclosure objectives about assets and liabilities measured at fair value in the statement of financial position after initial recognition, and discuss information that the Board considered but decided not to include.

(a) Do you agree that entities should be required to disclose the proposed items of information in paragraphs 105, 109 and 116 of the [Draft] amendments to IFRS 13? Why or why not? If not, what changes do you suggest and how would they help an entity to meet the specific disclosure objective?

(b) Do you agree with the proposed items of information that are not mandatory but may enable entities to meet each specific disclosure objective? Why or why not? If not,

what changes do you suggest and how would they help an entity to meet the specific disclosure objective?

(63) Accountancy Europe supports having both mandatory items to be disclosed and other items of information that may be disclosed based on materiality judgement for each specific disclosure objective (see paragraphs 31 – 41). Such an approach reduces the burden on preparers whilst meeting users' information needs.

(64) Therefore, we support mandating the items provided in paragraph 105, 109 and 116 of the [Draft] amendments to IFRS 13 in this ED as they are necessary to meeting the respective specific disclosure objectives.

ASSETS AND LIABILITIES NOT MEASURED AT FAIR VALUE IN THE STATEMENT OF FINANCIAL POSITION BUT FOR WHICH FAIR VALUE IS DISCLOSED IN THE NOTES

Question 9 – Specific disclosure objective for assets and liabilities not measured at fair value in the statement of financial position but for which fair value is disclosed in the notes

Paragraphs BC98–BC99 of the Basis for Conclusions describe the Board's reasons for proposing the specific disclosure objective for assets and liabilities not measured at fair value in the statement of financial position but for which fair value is disclosed in the notes.

(a) Do you agree that the proposed specific disclosure objective captures detailed user information needs about assets and liabilities not measured at fair value in the statement of financial position but for which fair value is disclosed in the notes? Why or why not? If not, what changes do you suggest?

(b) Do you agree that this proposed specific disclosure objective would result in the provision of useful information about assets and liabilities not measured at fair value but for which fair value is disclosed in the notes? Why or why not?

(c) Do you agree that the benefits of the specific disclosure objective would justify the costs of satisfying it? Why or why not? If you disagree, how should the objective be changed so that the benefits justify the costs?

(d) Do you have any other comments about the proposed specific disclosure objective?

(65) Accountancy Europe appreciates the specific disclosure objectives for assets and liabilities not measured at fair value in the statement of financial position but for which fair value is disclosed in the notes, as noted in paragraph 118 of the ED.

(66) However, we caution the Board on the level of granularity resulting from these disclosures. As noted in paragraph 62 aggregating some of this information may result in disclosures that meet users' needs whilst still providing material and relevant information.

Question 10 – Information to meet the specific disclosure objective for assets and liabilities not measured at fair value in the statement of financial position but for which fair value is disclosed in the notes

Paragraph BC100 of the Basis for Conclusions describes the Board's reasons for proposing the items of information to meet the specific disclosure objective about assets and liabilities not measured at fair value in the statement of financial position but for which fair value is disclosed in the notes.

(a) Do you agree that entities should be required to disclose the proposed items of information in paragraph 120 of the [Draft] amendments to IFRS 13? Why or why not? If not, what changes do you suggest and how would they help an entity to meet the specific disclosure objective?

(b) Do you agree with the proposed items of information that are not mandatory but may enable entities to meet the specific disclosure objective? Why or why not? If not, what changes do you suggest and how would they help an entity to meet the specific disclosure objective?

(67) Accountancy Europe agrees that disclosures about the fair value measurement for each class of such assets and liabilities by the level of the fair value hierarchy within which those measurements are categorised in their entirety (Level 1, 2 or 3) are useful to meet the specific disclosure objective in paragraph 118 of the [Draft] amendments to IFRS 13 in this ED. Such disclosures would provide information about the balances in each category for each item.

(68) Therefore, we support requiring disclosing of these items, as per paragraph 120 of the [Draft] amendments to IFRS 13 in this ED. This item would correspond to 'level 3' of the approach proposed in paragraph 31 – 41 of our response.

Question 11 – Other comments on the proposed amendments to IFRS 13

Do you have any other comments on the proposed amendments to IFRS 13 in this Exposure Draft, including the analysis of the effects (paragraphs BC214–BC215 of the Basis for Conclusions) and the Illustrative Examples accompanying the Exposure Draft?

(69) We reiterate the critical role field-testing has for these proposals. Field-testing would evidence implementation issues from the stakeholders involved and provide further areas for improvement, particularly in determining which items of information should be mandatory and which may help meet a specific disclosure objective (thus part of level 3 and level 4 respectively of the approach proposed in paragraphs 31 – 41 of our response).

(70) In addition, the Board could hold back amending IFRS 13 as there may not be a need for it yet (please refer to our comments in paragraph 51). We appreciate testing these proposals on IFRS 13 and IAS 19. However, we suggest the Board decides on a case-by-case on which standard to amend based on the need to review the respective standard.

PROPOSED AMENDMENTS TO IAS 19 EMPLOYEE BENEFITS APPLYING THE PROPOSED GUIDANCE

(71) We provide feedback to the proposed amendments to IAS 19 in addition to our general considerations to the IASB's proposed Guidance in developing disclosure requirements in IFRS.

DEFINED BENEFIT PLANS

Question 12 – Overall disclosure objective for defined benefit plans

Paragraphs BC107–BC109 of the Basis for Conclusions describe the Board's reasons for proposing the overall disclosure objective for defined benefit plans.

Do you agree that this proposed objective would result in the provision of useful information that meets the overall user information needs about defined benefit plans?

If not, what alternative objective do you suggest and why?

(72) Accountancy Europe agrees with the proposed overall disclosure objective as provided in paragraphs 147A–147C of the [Draft] amendments to IAS 19 in this ED. Indeed, it is important to understand:

a. the effects of defined benefit plans on the financial position, financial performance and cash flows, as well as

b. the risks and uncertainties associated with these items.

(73) However, as noted in paragraph 8 of our response, we suggest the IASB considers the existing provisions in IAS 1 and the respective PFS ED when drafting this guidance. Particularly, we note that paragraph 147B of the [Draft] amendments to IAS 19 in this ED addresses aggregation and disaggregation, which is a topic addressed in the former projects.

Question 13 – Specific disclosure objectives for defined benefit plans

Paragraphs BC110–BC145 of the Basis for Conclusions describe the Board's reasons for proposing the specific disclosure objectives about defined benefit plans, and discuss approaches that the Board considered but rejected.

(a) Do you agree that the proposed specific disclosure objectives capture detailed user information needs about defined benefit plans? Why or why not? If not, what changes do you suggest?

(b) Do you agree that the proposed specific disclosure objectives would result in the provision of relevant information and the elimination of irrelevant information about defined benefit plans in financial statements? Why or why not?

(c) Do you agree that the benefits of the specific disclosure objectives would justify the costs of satisfying them? Why or why not? If you disagree, how should the objectives be changed so that the benefits justify the costs? Please indicate the specific disclosure objective(s) to which your comments relate.

(d) Do you have any other comments on the proposed specific disclosure objectives? Please indicate the specific disclosure objective(s) to which your comments relate.

(74) Accountancy Europe supports the specific disclosure objectives about defined benefit plans as per the following categorised in the ED:

a. amounts in the primary financial statements relating to defined benefit plans (paragraphs 147D – 147F of the [Draft] amendments to IAS 19 in this ED)

b. nature of, and risks associated with, defined benefit plans (paragraphs 147G – 147I of the [Draft] amendments to IAS 19 in this ED)

c. expected future cash flows relating to defined benefit plans (paragraphs 147J – 147M of the [Draft] amendments to IAS 19 in this ED)

d. future payments to members of defined benefit plans that are closed to new members (paragraphs 147N – 147P of the [Draft] amendments to IAS 19 in this ED)

e. measurement uncertainties associated with the defined benefit obligation (paragraphs 147Q – 147S of the [Draft] amendments to IAS 19 in this ED)

f. reasons for changes in the amounts recognised in the statement of financial position for defined benefit plans (paragraphs 147T – 147W of the [Draft] amendments to IAS 19 in this ED).

(75) These specific disclosure objectives help address the overall users' needs regarding defined benefit plans, as per paragraph 147A of the [Draft] amendments to IAS 19 in this ED, as well as provide useful guidance to preparers to make materiality judgements on these items. Therefore, information disclosed should result in useful information.

(76) However, eliminating disclosures of irrelevant information on defined benefit plans will depend on the behavioural change of all the stakeholders in the reporting ecosystem. As noted in paragraphs 26 - 27 of our response, preparers, auditors and enforcers also have a role to play in addition to the Board. Therefore, field-testing is important to determine the outcomes of these proposals.

(77) In terms of costs, as noted in paragraph 30 of our response, stakeholders, particularly preparers, may incur costs due to increased legal risks, the need to update current system and procedures, documenting their judgements, as well as involving more senior staff to make adequate judgements.

(78) On another note, we reiterate our comments on aggregation as per the principles provided in the PFS project. This will reduce the number of disclosures, whilst still providing relevant and material information.

Question 14 – Information to meet the specific disclosure objectives for defined benefit plans

Paragraphs BC110–BC145 of the Basis for Conclusions describe the Board's reasons for proposing the items of information to meet the specific disclosure objectives about defined benefit plans, and discuss information that the Board considered but decided not to include.

(a) Do you agree that entities should be required to disclose the proposed items of information in paragraphs 147F, 147M and 147V of the [Draft] amendments to IAS 19? Why or why not? If not, what changes do you suggest and how would they help an entity to meet the specific disclosure objectives?

(b) Do you agree with the proposed items of information that are not mandatory but may enable entities to meet each specific disclosure objective? Why or why not? If not, what changes do you suggest and how would they help an entity to meet the specific disclosure objective?

(79) Accountancy Europe agrees that the items listed in paragraph 147F should always be required in meeting the specific disclosure objective of enabling users to understand the amounts in the primary financial statements relating to defined benefit plans. Similarly, we also agree with mandating the disclosure of the items listed in paragraph 147V as they are necessary meet the respective specific disclosure objective and enable users to understand the reasons for changes in the amounts recognised in the statement of financial position for defined benefit plans.

(80) This approach is in line with our proposals as noted in paragraphs 31 – 41. However, we suggest there be similar mandatory items for each specific disclosure objective.

(81) We suggest also mandating the sensitivity analysis for each significant actuarial assumption as of the end of the reporting period, showing how the defined benefit obligation would have been affected by changes in the relevant actuarial assumption that were reasonably possible at that

date (as currently provided in paragraph 145 of IAS 19). This item could fit within the specific disclosure objective 'measurement uncertainties associated with the defined benefit obligation' in paragraphs 147Q – 147S of the [Draft] amendments to IAS 19 in this ED.

(82) In addition, we also note that the list in paragraph 147I, whilst not mandatory, does not include information about the discount rate used. We believe that such information is an important actuarial assumption in determining the present value of the defined benefit plan. Therefore, it should be included in the list, or possibly mandated as an item for disclosure.

DEFINED CONTRIBUTION PLANS

Question 15 – Overall disclosure objective for defined contribution plans

> *Paragraphs BC156–BC158 of the Basis for Conclusions describe the Board's reasons for proposing the overall disclosure objective for defined contribution plans.*
>
> *Do you agree that this proposed objective would result in the provision of useful information that meets the overall user information needs about defined contribution plans? If not, what alternative objective do you suggest and why?*

(83) Accountancy Europe agrees with the overall disclosure objective for defined contribution plans as per paragraph 54A of the [Draft] amendments to IAS 19 in this ED. In addition, we support not having specific disclosure objectives for defined contribution plans as there are no similar uncertainty or risks associated with the amounts paid or payable.

MULTI-EMPLOYER PLANS AND DEFINED BENEFIT PLANS THAT SHARE RISKS BETWEEN ENTITIES UNDER COMMON CONTROL

Question 16 – Disclosures for multi-employer plans and defined benefit plans that share risks between entities under common control

> *Paragraphs BC159–BC166 of the Basis for Conclusions describe the Board's reasons for proposing which disclosure objectives should apply for multi-employer plans and defined benefit plans that share risks between entities under common control.*
>
> *Do you agree that these proposals would result in the provision of useful information that meets the overall user information needs about these plans? If not, what alternative approach do you suggest and why?*

(84) Accountancy Europe agrees using the overall disclosure objectives in paragraph 54A or 147A – 147C of the [Draft] amendments to IAS 19 as per this ED, to multi-employer plans and defined benefit plans that share risks between entities under common control, depending on whether their characteristics align with a define contribution or defined benefit plan respectively.

(85) However, we note that these disclosure amendments address the current accounting provisions for these plans. As noted in paragraph 88, IAS 19 is an old standard and needs revising to address the current state of play in various types of plans and the respective recognition and measurement criteria. This may ultimately change the type of disclosures needed for these plans.

OTHER TYPES OF EMPLOYEE BENEFIT PLANS

Question 17 – Disclosures for other types of employee benefit plans

Paragraphs BC167–BC170 of the Basis for Conclusions describe the Board's reasons for proposing the overall disclosure objectives for other types of employee benefit plans.

Do you agree that these proposals would result in the provision of useful information that meets the overall user information needs about these plans? If not, what alternative approach do you suggest and why?

(86) Accountancy Europe agrees with the overall disclosure objectives in paragraph 25A, 158A and 171 A of the [Draft] amendments to IAS 19 as per this ED, for other types or employee benefit plans.

(87) However, we would have appreciated more focus on longer-term employee benefits, which in practice have become equally or more complex than defined benefit plans. Therefore, we reiterate our comments in paragraph 85 and 88.

OTHER

Question 18 – Other comments on the proposed amendments to IAS 19

Do you have any other comments on the proposed amendments to IAS 19 in this Exposure Draft, including the analysis of the effects (paragraph BC216 of the Basis for Conclusions) and the Illustrative Examples accompanying the Exposure Draft?

(88) We point out that in practice, employee plans have evolved and share characteristics beyond the types classified in IAS 19. Therefore, there may be broader aspects on the topic that should be considered by IASB, particularly if it decides to review the standard. For example, there is an increased focus on how sustainability factors impact financial reporting and therefore should be addressed in IFRS standards, including disclosure requirement, e.g. developing tailored overall and specific disclosure objectives. This is also an area of interconnectivity between financial and sustainability reporting.

(89) Finally, we note that in practice it might be difficult to model what the trustees or other governing/managing body of a plan will do, particularly when the economy is not doing so well and requires trustees to make decisions. This results in further uncertainties related to the employee plan; however, this information is not easy to disclose.

ANNEX 2: EFRAG DCL – QUESTIONS TO CONSTITUENTS

We are pleased to provide below our detailed responses to the questions.

Question (paragraph 58 of the DCL)

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

(90) Please refer to our comments in paragraphs 31 - 41.

Question (paragraph 144 - 145 of the DCL)

Do you agree with the EFRAG position that the proposal on the provision of alternative fair values is too burdensome and raises issues of understandability, or do you consider that the benefit to users would outweigh the costs? Please provide an estimate of the additional costs/time required. This can be done by comparing assets and liabilities currently classified as level 3 to those as level 2 or by comparing the estimated workdays currently required by that required under the proposal.

Do you have any alternative proposals to provide information that would allow users to evaluate the possible outcomes of the fair value measurements at the end of the reporting period?

(91) We agree with EFRAG's position that disclosure on alternative fair values may be too burdensome and may raise issues of understandability, as noted in paragraphs 56 – 60.

Question (paragraph 198 - 199 of the DCL)

The IASB decided that the benefits provided by sensitivity analysis would not outweigh the cost to entities of providing that information. Consequently, the IASB decided not to develop a specific disclosure objective about sensitivity of an entity's defined benefit obligation to different assumptions. They consider that the specific disclosure objective in paragraph 147Q of the proposed amendments, will give users a reasonable idea of the range of possible values for the defined benefit obligation. They also consider it would enable users to compare the level of measurement uncertainty in defined benefit obligations between entities.

Do you agree with the IASB's proposal that benefits provided by the current sensitivity analysis would not outweigh the cost to entities of providing that information and, therefore, should not be required? Why or why not?

(92) Accountancy Europe suggests retaining the sensitivity analysis as noted in paragraph 81 of our response.