

EFRAG – European Financial Reporting Advisory Group
35 Square de Meeûs
B-1000 Brussels
Att.: Hocine Kebli

By e-mail: hocine.kebli@efrag.org

3 January 2022

Dear Hocine Kebli,

**EFRAG's Draft Comment Letter on IASB's Exposure Draft ED/2021/3:
*Disclosure Requirements in IFRS Standards—A Pilot Approach (Proposed
amendments to IFRS 13 and IAS 19)***

The Danish Accounting Standards Committee ('DASC') set up by FSR – Danish Auditors ('FSR' or 'FSR – danske revisorer') is pleased to respond to EFRAG's Draft Comment Letter (the 'DCL') on the IASB's *Exposure Draft ED/2021/3: Disclosure Requirements in IFRS Standards—A Pilot Approach (Proposed amendments to IFRS 13 and IAS 19)*.

In general, DASC agrees with and supports the DCL prepared by EFRAG. DASC notes that the issues around IAS 19 Defined Benefit Plans are to some extent less widespread in our jurisdiction because Danish companies are not allowed to have such plans re. Danish employees in their balance sheet but need to cover any such pension commitments through an insurance company. That being said, the issue does of course arise in Danish groups having activities outside of Denmark.

In the appendix to this letter, we have provided our comments to the Questions to Constituents. We also refer to comments received at the outreach held in cooperation with the IASB, EFRAG, Danish Confederation of Industries and FSR - Danish Auditors and refer to the summary report prepared by EFRAG staff which also contains viewpoints of Danish stakeholders.

If you have any questions or comments, please do not hesitate to contact us.

Kind regards,

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DASC Chairman

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APPENDIX

Questions to Constituents

58 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?

DASC agrees with the overall objective. We reiterate what was also a key message at the Danish outreach that success of implementing the new approach will require all stakeholders, including regulators, to accept that a new approach always has a learning curve. Therefore, it is important to leave room for preparers to experiment on how they best fulfill the objective. It may still be appropriate to have minimum information requirements in some standards.

144 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.

DASC agrees with the EFRAG position, noting also that such an estimate should come from preparers of financial statements.

145 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?

As it was mentioned at the Danish outreach, the preparers participating recommended the use of sensitivity analysis instead of alternative fair value. The latter may be surrounded by so much uncertainty that they really do not bring any value to users.

198 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.

199 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?

DASC does not agree. Referring to Question to constituents 145 we understand that Danish prepares favour sensitivity analysis.