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Disclosure Requirements in IFRS Standards – A Pilot Approach

Planned field work activities

Objective

- 1 The objective of this paper is to collect the views of the EFRAG User Panel on the planned outreach activities regarding the IASB's Exposure Draft *Disclosure Requirements in IFRS Standards – A Pilot* (the ED).
- 2 These planned activities will be submitted to the formal approval of EFRAG TEG.

Workplan

- 3 EFRAG Workplan is presented below:

Date	Meeting	Objectives
3 March (done)	CFSS-TEG	To discuss possible outreach activities
31 March (done)	FIWG	To collect views on the proposals on IFRS 13 disclosure requirements
14 April (done)	EFRAG Pension Advisory Panel	To collect views on the proposals on IAS 19 disclosure requirements
21 April	TEG + User Panel joint meeting	To collect UP views on the proposals and outreach activities
22 April ¹	TEG	To agree to recommend a DCL to the EFRAG Board
7 may ¹	EFRAG Board	To approve the publication of the DCL
May to September	Ask CFSS members and user organisations for interest on outreach	To consult different jurisdictions on their input
May to September	Regulators, Auditors and other external parties	To consult ESMA, ECB, EIOPA, EBA, Accountancy Europe, IVSC
May to August	Field testing jointly with the IASB	To test in coordination with the IASB the new disclosure approach in practice

¹ In case that we need more than a session, we will complete the objectives during EFRAG TEG 19/20 May and EFRAG Board 9 June

Date	Meeting	Objectives
September	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
May to July	Outreach within EFRAG working groups	To collect views of the RRWG and Insurance accounting working group, User Panel, Academic Panel on the proposals
July to September	EFRAG TEG, FIWG and PPAP	Inform EFRAG TEG and other EFRAG WG to Outreach result and get final input on the CL
20 October	TEG	To agree to recommend a FCL (and Feedback Statement) to the EFRAG Board
End of Oct/Beg of Nov	EFRAG Board	To approve publication of FCL

Planned Field work activities on the ED

- 4 The EFRAG Secretariat aims to target different companies to test the application of the IASB disclosure requirements new approach **on IAS 19 and IFRS 13**. EFRAG is also willing to participate in field work initiated by other organisations including the IASB and National Standard Setters.
- 5 The EFRAG Secretariat believes that it is essential to conduct field tests to assess the effects of the proposals. Under [EFRAG's Policy](#), field work requires the involvement of practitioners and aims at gathering facts and evidence, relying on real-life examples and circumstances, to help identify potential implementation and application concerns.
- 6 The purpose of the field-testing is to identify:
 - (a) potential implementation and application concerns;
 - (b) whether there is a need for additional guidance, and
 - (c) the effort required to implement and apply the proposals. (e.g., level of judgment, level of aggregation, etc) and whether the cost/benefit profile would be met.
- 7 More particularly, regarding the proposed amendments to both standards, the EFRAG Secretariat considers that the following issues could be looked at:
 - (a) Whether the changes that the IASB may propose as a result of this pilot will result in practice in better, or worse, information for users,
 - (b) What are the expected effects of having less required disclosures and a greater need to exercise judgement on the quality and comparability of the information? Are there losses of information to be concerned with?
 - (c) Are the changes addressing the issues identified (for instance the outcome of the recent PIR of IFRS 13) and whether these changes are a priority in terms of standard setting?
 - (d) Whether the proposals reach an acceptable cost/benefit trade of.
- 8 In addition, EFRAG Secretariat will later on collect views from users if the new disclosures requirements provide relevant information. Another aspect of the field-testing is to address and check the issue of comparability (e.g., effects of less

- requirements, more voluntary disclosure and less check list mentality which could also result in less comparable information and more judgement by the preparers).
- 9 Field-testing involves testing the proposals in the ED with volunteer companies that would agree to apply the ED's proposals to their own disclosures. Field testing could focus on some identified disclosure areas (for example focus on disclosure about defined benefit plans which are the most affected by the ED) or consider the proposals in the ED more comprehensively. Volunteer companies could, for instance, be asked, to restate all their prior year IAS 19 disclosures using the new guidance.
 - 10 Participants would be asked to follow the IASB's fieldwork instructions and EFRAG's additional fieldwork instructions. The field-testing offers an opportunity to put the proposals to the test and to influence them based on practical experience.
 - (a) More specifically, participants will be asked to prepare/complete:
 - (i) (selected) note disclosures affected by the proposals; and
 - (ii) EFRAG's questionnaire/additional fieldwork instructions covering specific areas of European interest.
 - 11 The participants will discuss the findings within closed workshops. Participants will be asked to share their key findings and the completed questionnaires with the EFRAG Secretariat some days in advance of the workshops. EFRAG Secretariat will closely communicate with field-testing participants during the whole process.
 - 12 To stimulate the debate, it could be beneficial to discuss the findings of the field testing with volunteering field test participants in public workshops involving users. Such Webinar(s) that could be organised over the summer of 2021. The workshop will aim at sharing the 'return of experience' from the application of the proposals the ED and assess whether the resulting information is useful for users.
 - 13 The workshops will be run by the EFRAG Secretariat in cooperation with the IASB, if applicable in cooperation with European National Standard Setters.
 - 14 In the end, EFRAG expects to prepare feedback statements from the workshops and publish them on its website. The feedback statements will also be discussed by EFRAG in public meetings. Any information about the results of the fieldwork, that we release publicly, will not allow readers to identify data about individual participants.

Field work on IFRS 13 – Practical information

- 15 The EFRAG Secretariat expects to conduct field-testing focusing on three different industries to analyse if the new disclosures are feasible to apply and provide more useful information to users. The field-testing offers an opportunity to put the proposals to the test and to influence them based on your own experience, companies that expects to participate are the follow
 - (a) Financial Institutions (e.g., banks);
 - (b) Real-estate investment property; and
 - (c) Other non-financial' corporates

Field work on IAS 19 – Practical information

- 16 The EFRAG Secretariat expects to have some volunteer companies involved in the field test. Companies will be contacted/advertised based on the importance of their defined benefits plans since the changes introduced by the ED are mainly expected to affect this type of plan.

Other Planned outreach activities

- 17 In addition to consult its advisory bodies (see project work plan in the cover note) EFRAG expect to reach out to regulators (ESMA), auditors and European accounting associations (such as Accountancy Europe) to assess possible issues regarding the enforceability and the verifiability of the new disclosure requirements.

Questions for EFRAG TEG and User Panel

- 18 Do EFRAG TEG and User Panel members have any suggestions on how the outreach activities should be addressed and the types of 'deliverables' that the field test should have to be useful?
- 19 Are there specific areas in the ED proposals that you would advise EFRAG to focus on? For instance, should EFRAG focus its field tests on defined benefit plans or look at other types of plans or Employee Benefits as well?
- 20 Do EFRAG TEG and User Panel members have knowledge of pension working groups in their jurisdictions with which EFRAG could collaborate?