EFRAG
European Financial Reporting Advisory Group

Annex to EFRAG's Comment Letter IASB's ED /2021/3 Disclosure Requirements in IFRS Standards

Summary of the Feedback from EFRAG's Outreach and Field-test activities

Objective

1 This Annex to EFRAG's comment letter provides an overview of the input gathered from the field test and outreach activities conducted during the consultation period of the IASB's exposure draft. EFRAG recommended in its Draft Comment Letter to undertake a comprehensive outreach and field testing of the proposals to assess the expected benefits and operational challenges for preparers but also for enforcers and auditors. This Annex summarises this part of the feedback received by EFRAG.

2 To prepare its comment letter, EFRAG has also considered the outcome of its other due process activities and in particular the comment letters received from its constituents in response to the consultation on EFRAG's draft comment letter. EFRAG will publish a separate feedback statement which summarises the input from the aforementioned consultation. The feedback statement will be publicly available on EFRAG's website.

3 This Annex is an integral part of EFRAG's response to the IASB consultation.

Overview of EFRAG's outreach and field test activities

4 EFRAG has conducted a wide array of outreach and field-test activities including:

(a) A comprehensive field test of the proposals with preparers in close coordination with the IASB staff. The results were subsequently discussed at three workshops with small groups of preparers, in the presence of the national standard setters of the countries involved (feedback statement here) summary of the workshops] and at workshops with members of EFRAG's advisory groups with user and auditor backgrounds.

(b) Four public events:

(i) 30 June 2021 Educational event with the IASB joint outreach (here)

(ii) 5 October - Joint webinar with Confederation of Danish Industry (DI), and the IASB (here)

(iii) 7 October 2021 – Joint Public Outreach Event with the ASCG

(iv) 10 December - Webinar hosted with the IASB and BusinessEurope (here).

(c) A survey covering smaller and medium entities applying IFRS; (TEG paper 08-04 - Summary of the Survey of smaller and medium entities December 2021).

(d) Interviews with auditors of smaller and medium entities applying IFRS (EFRAG TEG paper 08-05 - Interviews of Auditors of Smaller entities - TEG 2021-12-22.pdf).

(e) Targeted meetings with different groups of stakeholders.

5 Regarding the field-testing of the proposals:

(a) 17 companies agreed to prepare mock disclosures and

(b) Five companies agreed to provide more limited input via questionnaire or via interview.

(c) The field-testing covered financial institutions (eight entities), real estate sector entities (three), and corporates (eleven).

6 A total of 15 companies subsequently participated in any of the three workshops, in the presence of the national standard setters of the countries involved, to discuss the results of the field test and seek additional inputs among field test participants.

7 Two additional dedicated workshops were set up with members of EFRAG's advisory groups with user and auditor backgrounds, respectively (for auditors in the presence of some of the preparers participating in the field test).

8 As only one smaller and medium entity applying IFRS participated in the field test EFRAG developed a survey to receive feedback from those type of entities. To avoid a biased result, interviews with auditors of smaller and medium entities applying IFRS were held.

9 The following sections provide an overview of the feedback and messages from all the activities conducted

- **Part 1** - Feedback on the overall approach in the ED; and
- **Part 2** - Feedback on the application of the approach to the two tested IFRS Standards.

Part 1 - Overall Approach

Feedback from Users

10 EFRAG collected input from users in a variety of ways:

(a) The EFRAG user panel was consulted twice in April and December 2022, respectively;

(b) A workshop with user members of EFRAG's working groups was set up on 29 November to discuss the results of the field testing of the proposals with preparers;

(c) Users speaking at two of EFRAG's four public events held in 2021; and

(d) Closed meetings with some Users' organisations.

11 The main feedback received during the outreach from users is summarised below.

12 Users generally assessed that it would be difficult to ensure comparability across entities and over periods with a pure objective based approach as proposed in the ED. If there is no consistency in information provided, there is a risk of reduced usefulness.

13 However, users also generally welcomed the introduction of overall and specific disclosures objectives to explain why the information is needed. Users generally agreed with the proposed objectives in the ED.

14 They generally assessed that the best option would be to keep a certain level of mandated disclosures while introducing objectives and other material explaining why the disclosures are needed. Some noted that only a minimum set of prescribed disclosures should be required, and that otherwise requirements should be given through disclosure objectives for additional entity specific information.

15 They also noted that disclosure objectives may encourage entities to disclose additional entity specific information beyond the list of mandated information that they are providing with the current approach. They may also provide a 'legal' basis that help auditors and enforcers to require additional information beyond "the minimum checklist." Conversely having only minimum list may result in entities (in particular smaller ones) sticking to the list and not providing supplementary disclosures.

16 Some noted that the list of mandated disclosure should not necessarily be seen as immutable. On the contrary, disclosures made on a voluntary basis by some companies may become 'best practices' over time and may be integrated by the IASB into the minimum list in subsequent revisions to the IFRS Standards.

17 Some users also identified that additional guidance on the application of materiality to disclosures would be useful.

Feedback from preparers – Larger companies

18 EFRAG collected views from preparers involved in its field test activities, preparers participating in its outreach events as well as preparer members of its advisory working groups.

19 The main feedback received during the outreach phase from preparers is summarised below.

20 Like users, preparers generally welcome the inclusion of disclosure objectives as they provide more information on the purpose of the disclosure and the related user needs which is considered helpful to improving disclosure.

21 However, a large majority of preparers noted that the proposals will create operational challenges, involve more subjectivity and require a higher level of judgement which may, in turn, lead to a lack of comparability.

22 Some preparers pointed out that:

(a) Absent a list of mandated disclosures, they would have to develop their own internal lists for operational reasons (e.g., to collect in a structured way information from their subsidiaries in the context of their consolidation process); and

(b) There is a risk that the detailed list of 'non-mandatory' disclosures proposed in the ED may be interpreted and used as a new checklist comprising information that can be omitted only if quantitively immaterial.

23 A majority of preparers marked a clear preference for an approach combining mandated disclosure requirements with the introduction of objectives. Some preparers were however satisfied with the approach proposed in the ED and the 'freedom' by the objective-based approach to disclose more relevant and entity specific information without the necessity to justify why some information contained in the existing standards' checklist is not provided.

24 Many participants considered that additional co-ordination effort with auditors and enforcers may be needed and could result in extra cost. This might include comprehensive discussions with auditors and enforcers, prepare supporting documentation for the auditor and additional audit costs. Some noted that the new proposals actually led to largely unchanged disclosures, and therefore the extra cost would not be justified based on a cost benefits trade of.

25 Some preparers assessed that all the ED's non-mandatory examples of disclosures would need to be included in the reporting packages sent by their subsidiaries and collected centrally before materiality is assessed at group level. Thus, even though information might not be disclosed, entities would need to collect it, resulting in extra cost.

26 A few participants to the field test expected implementation costs to be mainly one-off costs to review and understand the new requirement and to make possible slight changes in systems and processes.

Feedback from preparers – Smaller companies

Survey of smaller companies

27 Only one smaller company[1] participated in EFRAG's field testing of the proposals. Further feedback was, however, collected through:

(a) An online survey dedicated to smaller companies (see TEG paper 08-04 - Summary of the Survey of smaller and medium entities).

(b) Targeted interviews with a number of auditors of smaller and medium entities applying IFRS (EFRAG TEG paper 08-05 - Interviews of Auditors of Smaller entities - TEG 2021-12-22.pdf).

28 EFRAG received 45 survey responses of which 76% were small and medium sized entities applying IFRS. The 45 participants came from eight different jurisdictions with the majority of them from Poland. Therefore, the survey is not meant to provide a statistically valid representation of European preparers' assessments on the ED but to gather insight into views of smaller and medium sized entities about the proposals.

[1] By smaller companies, EFRAG referred to entities with Market cap or total equity below €1bn.

29 Respondents to the survey generally considered that the proposed ED approach would be more beneficial to users than a list of prescriptive requirements. However, some participants to the survey noted that comparability could be lost as subjectivity and more judgement should be applied; they also noted that as a consequence, auditing these disclosures may be more difficult. For that reason, a list of minimum disclosure requirements would be useful, notably to ensure better comparability between companies and to support the process of preparation of the disclosures.

30 Most of the participants considered that the proposed approach would affect the amount of time that it takes to agree and prepare the disclosures on a recurrent basis, including disclosures alignment between entities as well as discussions with auditors. In addition, there would be a need for changes to the disclosure systems, processes, and skills of the involved resources. However, participants' views were split regarding the significance of those changes.

31 The participants considered that the implication of or consequences for satisfying the disclosure objectives under the proposed new approach would be:

(a) additional and extensive dialogue with auditors;

(b) the timing to prepare disclosures has to be changed to apply the necessary judgement and allow sufficient discussion with auditors; and

(c) the additional involvement of management in deciding what to disclose.

32 Participants had different assessments on the overall cost of applying the proposed new requirements compared to applying the existing ones. However, more than half of the participants noted that the most significant would be the combination of one-off implementation costs plus a minor increase in annual costs.

33 The majority of the participants considered that the new approach and requirements were clear. They noted that 'While not mandatory…' made clear that companies need to apply judgement to determine the information to provide.

Interviews with auditors of smaller and medium-sized companies using IFRS on expected effects for their audit clients

34 The EFRAG Secretariat conducted targeted interviews with four different audit firms regarding their experience with smaller and medium-sized companies.

35 The first part of the interviews specifically discussed the ED's proposals and its consequences for smaller and medium size companies. The second part concentrated on the possible impact of the ED's proposals on the audit of smaller and medium size companies. The third contained specific questions about selected developments in disclosures under IFRS 13 and IAS 19.

36 Most interviewed auditors were of the opinion that a more judgmental approach could be a concern for smaller preparers. They generally considered that:

(a) The capabilities of medium sized and smaller companies are much more restricted than the capabilities of bigger ones.

(b) In addition to lacking resources (personnel and skills) and sometimes motivation, smaller entities in their view would tend to allocate less resources to non-core business areas. Even the medium listed companies often maintained structures in their accounting department that seem to be just sufficient and sometimes even inadequate to deal with complex accounting issues or to apply judgement specifically to the extent proposed by the new approach.

(c) Therefore, small and medium listed companies are often interested in disclosing fewer information and being more pragmatic about the disclosures to be provided.

37 Most interviewed auditors saw merits in disclosure objectives to help smaller companies to better focus on material and relevant disclosures and noted that this could also lead to a change in mindset. Most also considered the inclusion of a list of mandated disclosures more appealing as it would give more safety to smaller entities and auditors that important information is not missing.

38 Some auditors opined that a staged approach (rather than a big leap into objectives based only disclosures) would have better chances of successes for smaller and medium size companies.

39 Although the IASB does not in principle required preparers to second guess the users' needed identified in the ED, most interviewed auditors saw problems with the determination of whether users' needs would be adequately met, as smaller companies do not usually have much investor communication and therefore would not benefit from the feedback loop from users on their assessments.

40 Some expressed the view that proper materiality assessment was the main issue for small and medium preparers.

Expected effects on smaller and medium-sized preparers

41 Interviewed auditors generally assessed, if the proposed amendments were to be finalised, and due to operational challenges and lack or resources, smaller and medium-sized companies would consider the following possible strategies:

(a) Not presenting fundamentally different disclosures and instead tending to carryover most of their current disclosures with little changes; and/or

(b) Continuing to apply a minimum disclosure requirement approach (for instance by using the list of non-mandatory disclosures in the ED or developing their own checklist based on prior period disclosures or the dummy models of financial statements published by large audit firms…); and/or

(c) Benchmarking other existing disclosures (e.g., those from early adopters) and make slight adjustments.

42 All interviewed auditors stated that the audit might become more complex as they would have to verify that material information is not missing. They commented that the discussion about disclosures and objectives would have to be held by more experienced audit personnel. Some assessed that there will potentially be more discussions with regulators because it will be easier for the regulator to challenge judgement than to challenge missing disclosures only based on materiality considerations.

43 Some expected that the level of complexity of future audits will depend on the quality of the preparer's documentation and most considered the audit documentation to become more difficult due to the audit of the entities' judgements.

44 Some pointed out that they expected more efforts (and cost) from preparers in the beginning, but probably not more in the subsequent phase (when the content of the disclosures is expected to be more stable). Then, in the following years, a checklist approach would be applied.

Feedback from auditors (and accounting organisations)

45 The overall auditors' perspective was considered through:

(a) The consultation of EFRAG's various working groups which include members with audit background (User Panel, Financial Instrument Working Group, Insurance Accounting Working Group, Pension Plan Advisory Panel);

(b) A workshop dedicated to discussing the results of the field text with a number of members of EFRAG's advisory groups with an audit background;

(c) Interviews with auditors of smaller entities (see section above); and

(d) Discussions with accounting organisations and large audit firms.

46 The main feedback provided by auditors and accounting organisations is summarised below.

47 While generally acknowledging that the proposed overall and specific objectives and the accompanying explanations on users' needs were useful, auditors generally preferred maintaining a list of prescriptive specific disclosure requirements (minimum disclosures).

48 They first observed that mandating a minimum list of specific items of disclosures was not just a concern for auditors' work but also and importantly for preparers themselves from operational and efficiency standpoints, as preparers needed internal checklists to gather information internally in a structured way (e.g., consolidation instructions to subsidiaries …). For consistency of information provided, it was preferable that the list of disclosures is established by the standard setter than left to the preparers.

49 Including a minimum list of specific disclosures will provide a better basis for auditability and enforceability in case a piece of information is not disclosed.

50 Some suggested that the standards should focus on some 'core' disclosures to mandate to ensure a minimum level of standardisation and comparability. Beyond that, the application of materiality judgements and the consideration of disclosure objectives would help identify additional entity specific disclosures.

51 Some noted the example of IFRS 16 *Leases* which includes:

(a) a disclosure objective intended to prompt lessees to assess whether the overall quality and informational value of its lease disclosures are sufficient to meet the stated objective or if any additional information is needed; and

(b) additional guidance about user information needs that any additional disclosures should address.

52 Some suggested that it would be more effective to develop guidance aiming at helping entities make materiality judgements on disclosures rather than change the existing requirements.

Feedback from regulators and enforcers.

53 ESMA submitted a comment letter in response to the IASB's and EFRAG's consultations (here).

54 Five companies involved in the field test agreed to share their input (mock disclosures and/or questionnaires) with ESMA and the responsible National Competent Authorities. The assessment made by NCA was used as a basis for their comment letter.

Part 2 - Application of the approach to the tested Standards

Application of the proposed approach to IAS 19

Feedback from Users

55 Users did not generally take issues with the proposed overall and specific objectives for defined benefit plans. Regarding defined benefit plans items of information, users generally considered that:

(a) Information about sensitivity analysis is useful (in particular on relevant assumptions such as the discount rate, longevity/ mortality, or the expected asset return assumptions) and should be retained as mandatory. Information about assumptions used is useful but not sufficient as it does not allow users to assess the quantitative impacts of changed assumptions.

(b) Information about expected return on assets should not be limited to past returns but also encompass expected future returns and potential gaps with the obligation. Sensitivity analysis on expected future returns would provide very useful information.

(c) Information about the entity's cash flows (into the plan or to the pensioners) was helpful. This is particularly true for credit analysts.

56 Some users assessed information about alternative actuarial assumptions, changes in these assumptions and the entity's approach to determining the assumptions used as useful items of information.

57 However, others were reluctant to have to 'second guess' on how assumptions are arrived at and noted that such requirements did not existing in other IFRS Standards for critical areas of judgment (e.g., no equivalent disclosures are required on how the expected lives of tangible or intangible assets are determined).

58 Some users considered the executive summary of defined benefit plans to be useful as it would allow them to have an overview on what had happened on major items.

Feedback from preparers – Larger companies

Defined Benefits Plans

59 Preparers in the field test generally considered that the overall and specific objectives were understandable and useful.

60 Preparers also assessed that:

(a) Sensitivity analyses were useful and the most effective way of disclosing measurement uncertainty. Some preparers failed to identify alternative ways to communicate on measurement uncertainties.

(b) Information about expected rate of return on assets may be useful but would be difficult to obtain in some cases as would require forward looking assessment about future performance,

(c) the proposed non-mandatory item of information *"Alternative actuarial assumptions reasonably possible at the end of the reporting period that could have significantly changed the defined benefit obligation"* was not useful since the measurement of the pension was usually made by valuation specialists. Such reasonable alternative assumptions would raise questions about the valuation and not add to the usefulness of information.

(d) Specific disclosure objective on future payments to members of defined benefit plans that are closed to new members was not useful even if the information could give an idea of measurement uncertainty. One of the participants opined that closed plans have less volatile cash flows and would include this provision as a non-mandatory item of information instead of a specific disclosure requirement.

Defined Contribution Plans

61 Regarding Defined Contribution plans, preparers in EFRAG's working groups reiterated their previously expressed view that some plans may include more complexity than the ED envisages. An example mentioned was the situation of DC plans which benefits are based on the average salaries paid by an entity and therefore future payments may vary over time (if an entity decides to change the profile of its employees, the DC contributions would be non-linear). On these plans, one fieldwork participant suggested including more comprehensive disclosures on this type of plans as well as its legal and regulatory features.

Feedback from preparers – Smaller companies

62 The following feedback was received from the survey from smaller and medium-sized entities:

(a) Entities generally agreed that all the relevant specific disclosure objectives related to defined benefit plans are identified in the ED. In addition, the majority of the participants agreed that an overall disclosure objective was sufficient information to cover the main risks related to defined contribution plans

(b) The majority of respondents to the survey assessed that the sensitivity analysis should not be required since the benefits do not outweigh the cost in their circumstances.

(c) Participants also agreed that the information about future outflows of defined benefit obligations is more important to users than detailed sensitivity analysis.

63 In addition, auditors of smaller and medium sized entities did not provide many remarks on IAS 19 proposals. One of them considered disclosures on future cash flows to be extremely helpful to users. This auditor also noted that an overall objective on DC plans ("…*enables users of financial statements to understand the effect of defined contribution plans*…") may be enough as these plans do not usually have many uncertainties.

Feedback from auditors and actuaries

64 Auditor and actuaries generally considered that sensitivity analyses are important and should be regarded as mandatory, especially for significant assumptions.

65 Participants did not find useful to provide expected future cash flow effects on funded pension plans.

66 Information on future cash flows and contributions is deemed to be useful at least in some cases. However, it may not always be easy to obtain that information (in particular in the case of insured plans where the entity only knows the amount of premiums it will have to pay for the next period).

67 In the participants' view there was some confusion between cash flows affecting the entity's own cash flows and payments to the beneficiaries of pension plans. Therefore, it is important for preparers to differentiate cases where an entity obligation is only to contribute to a pension plan to cases where the entity directly pays benefit to the pensioners.

68 With regard to plans closed to new members, participants noted that the proposed disclosures were not assessed to be very useful requirement and that it would depend on materiality requirements. It could be moved from a mandatory to a non-mandatory disclosure requirement.

69 Participants had mixed views about the executive summary. On one hand they liked the idea but on the other hand, they acknowledged that the total text would be even longer than usual.

70 Regarding how to determine actuarial assumptions, participants considered that this non-mandatory item of information could be useful, especially for assumptions like discount rates, inflation or longevity.

71 Participants did not consider that there was a need for specific disclosure objectives on DBP that are lump sum payments. On hybrid plans, one participant noted that it was a different topic and that these pension plans are defined benefit plans. Therefore, all the defined benefit plan requirements would apply to hybrid plans.

Feedback from enforcers

72 After considering the examples of mocked disclosures shared by EFRAG, ESMA assessed the following in its final comment letter submitted to the IASB and to EFRAG:

(a) Supported the proposed overall and specific disclosure objectives for Defined Benefit Plans.

(b) Supported the proposed overall objectives for Defined Contribution Plans but recommended to extend the objective to also include the effects on future cash-flows.

(c) Supported the proposed overall disclosure objective for other types of employee benefit plans.

(d) Expressed scepticism that describing disclosure requirements as "non mandatory" will achieve the objective of improving preparers' disclosures and instead favoured an approach whereby all the items of information listed are mandatory if applicable and material to the entity.

(e) Considered like EFRAG that sensitivity analysis for each significant actuarial assumption, such as interest rate, mortality table, etc. is necessary fulfil the disclosure objectives and should explicitly be required by the Standard.

Application of the proposed approach to IFRS 13

Feedback from Users

73 Some users assessed that sensitivity analyses provided useful information and allowed comparison across companies. Alternative fair value measurements could be useful, but the granularity of the information should be set at an appropriate level to be understandable and useful.

74 Some users noted the importance for users of the requirements in the ED to provide a tabular reconciliation from opening balances to closing balances of the significant reasons for changes in the Level 3 fair value measurements. Some users suggested such reconciliations should be required for Level 2 measurements as well although this may create a burden for preparers. From a user point of view, a full reconciliation would be beneficial.

Feedback from preparers – Larger companies

75 Preparers in the field test generally considered that the overall and specific objectives assigned to IFRS 13 were understandable and useful.

76 Some participants in the field test did not disclose additional information for Level 2 ("L2") and anticipated difficulties if reasonably possible alternative fair value measurement or sensitivity analyses were also to be required for L2 measurements.

77 Some participants (financial institutions) stated that their current calculations of Level 3 sensitivities (based on significant unobservable inputs) were a highly manual process. If the information were to be required also for L2 assets and liabilities, there would be many challenges given the size of its population and the reporting processes would have to be changed which would trigger costs.

78 Participants in the field test did not generally identify many changes in the level of details provided on IFRS 13 disclosures.

Feedback from preparers – Smaller companies

79 The following feedback was provided by smaller and medium sized entities in the survey

(a) Participants generally agreed that all the relevant specific disclosure objectives related to assets/liabilities measured at fair value ("FV") and assets/liabilities not measured at FV but for which FV is disclosed are identified in the ED.

(b) Participants were sceptic in regard to alternative fair value measurement and did not believe that providing alternative FV was promoting a reasonable cost/benefit trade-off when compared to the sensitivity analysis. Some of the participants noted that the resulting information would not be useful and/or understandable. For them, the sensitivity analysis is more meaningful.

80 In addition, interviews with auditors of smaller and medium sized entities provided the following input:

(a) Some perceived alternative fair value measurements to be useful.

(b) One respondent mentioned the reduced usefulness of sensitivity analysis in practice under standard status quo, when key inputs and their changes would not be disclosed.

(c) One respondent did not saw a risk in the audit of alternative fair value measurements as auditors themselves audit using a reasonable/acceptable range of fair values, so the reasonable range for disclosure purpose should be within the acceptable range of the auditor.

(d) One respondent agreed with the requirement for more disclosures on Level 2 depending on the scenario. There would be no need for more information about plain derivatives contrary to fair value investment property that is valued at fair value.

Feedback from interview of auditors of smaller and medium-sized companies

81 Some auditors agreed that, in general, a holistic sensitivity analysis combining different assumptions was more meaningful unless one specific assumption was driving most of the fair value changes. One auditor however reported concerns in his jurisdiction about having to present a range of alternative fair values which would place doubts about the numbers relating to fair value reported in financial statements.

82 Some considered that the IASB could better clarify the distinction and respective objectives between alternative fair value measurement and sensitivity analyses in its proposals.

83 Some auditors noted challenges regarding the level granularity of the information to disclose. The more granular the information the more useful it is but if it is too granular, the amounts then may become immaterial. Focusing on changes to the fair value as whole (rather than the components of this change) was the right approach for some.

84 There were mixed views as to whether disclosures about measurement uncertainties should be limited to Level 3 instruments:

(a) Some considered that the issue was about reporting on measurement uncertainties linked to any unobservable inputs and this could concern assets and liabilities beyond those classified beyond Level 3. It was noted that while uncertainty may not be material at an individual L2 instrument level, the size of the L2 portfolio may meant that as a whole, the unobservable inputs would create a significant measurement of uncertainty.

(b) Others considered that L2 instruments, taken as a whole were not expected to be subject to high levels of uncertainty by definition: if the classification between level 2 and 3 instruments is done appropriately then limited sensitivity analyses to Level 3 instruments would make sense.

85 Some noted that absent an assessment of the probability of the alternative assumptions to come into play the information about alternative fair values would be less useful. A parallel was drawn with IFRS 9 requiring preparers to use multiple scenarios to produce probability-weighted lifetime expected credit losses.

86 One auditor also noted that measurement uncertainly did not arise only from the unobservable input used in a model but by the model used itself.

87 Lastly, one auditor stated that in his view disclosures about assets and liabilities that were not carried at fair value were not particularly useful in the case of non-financial entities.

Feedback from enforcers

88 After considering the examples of mocked disclosures shared by EFRAG, ESMA assessed the following in its final comment letter submitted to the IASB and to EFRAG:

(a) Supported the proposed overall and specific disclosure objective described in the ED for asset and liabilities measured at fair value but assessed that the disclosure objectives should be accompanied by more detailed and mandatory disclosure requirements.

(b) Supported the inclusion of a specific disclosure objective for assets and liabilities not measured at fair value but for which fair value is disclosed in the Notes

(c) Expressed scepticism as to whether describing any disclosure requirements as "not mandatory" will achieve the objective of improving preparers' disclosures and instead considered that entities should be required to disclose (in addition to the proposed items of information in paragraphs 105, 109 and 11) all the items of information included in paragraphs 106, 110, 113, 117 and 121 of the proposed amendments.

(d) Recommended that the IASB should clarify that, when the assessment of the disclosure objectives leads to new disclosures being provided, whether comparative information should always be provided in the financial statements.

Feedback from users in the 2017 IFRS 13 PIR survey

89 In EFRAG's survey on the 2017 PIR of IFRS 13 the following other comments were received from users:

(a) In relation to the impact of aggregation and generic disclosures, most respondents indicated that information that is not entity specific impaired the usefulness of the disclosures;

(b) Some users indicated that sensitivity analyses and liquidation curves could be useful where financial instruments are linked to the enterprise value. Instruments with an equity linkage often have a range of outcomes linked to an enterprise value with preference structures which create paybacks which are non-linear. Users indicated that current sensitivity disclosures do not provide this information in a useful and understandable manner;

(c) Some users recommended distinguishing realised gains from unrealised ones for Level 1 and 2 fair value measurements as is required for Level 3 as this could be useful for the determination of distributable reserves; and

(d) Some users recommended that gains and losses of a different nature should not be aggregated.

90 During the same process, 15 non-users indicated that the disclosures of Level 3 fair value measurements are overall moderately useful. However, some respondents indicated that the aggregation of disclosures impaired the usefulness of information. Preparers indicated that compiling the disclosures was costly and time-consuming.

91 Respondents also considered that the following disclosures could be helpful:

(a) Values of the unobservable parameters in order to understand the assumptions used; and

(b) Information on the quantitative interaction of unobservable parameters because joint sensitivity parameters could help in understanding whether or not sensitivities are additive.