

16 October 2017

Mr Hans Hoogervorst
Chairman
International Accounting Standards Board
30 Cannon Street
London EC4M 6XH
UNITED KINGDOM

Dear Hans

AOSSG comments on IASB Discussion Paper DP/2017/1 *Disclosure Initiative – Principles of Disclosure*

The Asian-Oceanian Standard-Setters Group (AOSSG) is pleased to provide comments on the IASB's DP/2017/1 '*Disclosure Initiative – Principles of Disclosure* (the "DP")'. In formulating its views, the AOSSG sought the views of its constituents within each jurisdiction.

The AOSSG currently has 26 member standard-setters from the Asian-Oceanian region: Australia, Brunei, Cambodia, China, Dubai, Hong Kong, India, Indonesia, Iraq, Japan, Kazakhstan, Korea, Macao, Malaysia, Mongolia, Nepal, New Zealand, Pakistan, Philippines, Saudi Arabia, Singapore, Sri Lanka, Syria, Thailand, Uzbekistan, and Vietnam.

To the extent feasible, this submission to the IASB reflects in broad terms the collective views of AOSSG members. Each member standard-setter may also choose to make a separate submission that is consistent or otherwise with aspects of this submission. The intention of the AOSSG is to enhance the input to the IASB from the Asian-Oceanian region and not to prevent the IASB from receiving the variety of views that individual member standard-setters may hold. This submission has been circulated to all AOSSG members for their feedback after having initially been developed through the AOSSG Presentation and Disclosure Working Group.

Section 1 Overview of the 'disclosure problem' and the objective of this project

The AOSSG generally agrees with the description of the disclosure problem and its cause. Some members think the behavioural issue is one of the main reasons for the disclosure problems and stress the importance of education to address them.

Section 2 Principles of effective communication

The AOSSG generally agrees with developing principles of effective communication and the principles proposed by the IASB. Some members suggest that the IASB would do well to articulate in what order or priority different principles should be applied in case of conflicting with one another. Some members suggest that the IASB add 'relevance' to the principles.

However, there are mixed views on the form of the principles. The AOSSG generally agrees with non-mandatory guidance on the use of formatting in the financial statements.

Section 3 Role of the primary financial statements and the notes

The AOSSG generally agrees with the role of the primary financial statements and the notes with some suggestions. Some members suggest that the role of the primary financial statements should be defined considering cash flows information.

Section 4 Location of information

IFRS information outside the financial statements

The AOSSG generally agrees with the Board's preliminary view. However, nearly all members do not agree with the requirement that limits cross-referencing to IFRS information within the annual report. Many members think that the feasibility of auditing IFRS information outside financial statements should be considered. Some members do not agree with the requirement that the location of the information should make the annual report as a whole more understandable.

Non-IFRS information in the financial statements

The AOSSG generally agrees with the Board's preliminary view. Some members are concerned about the difficulty in auditing non-IFRS information in the financial statements. Some members highlight the importance of fair presentation of non-IFRS information in the financial statements.

Prohibiting information that is inconsistent with IFRS Standards from being included in the financial statements

All members generally agree that the IASB should not prohibit the inclusion of any types of additional information in the financial statements if it is necessary for users understanding the financial statements.

Section 5 Use of performance measures in the financial statements

All members do not agree with defining and separately presenting unusual and infrequently occurring items. Some members do not think the requirement for fair presentation of EBIT or EBITDA is necessary because current requirements of IAS 1 are sufficient for ensuring the fair presentation of EBIT or EBITDA. Some members do not agree with presenting EBIT or EBITDA. Instead, they suggest presenting other performance measures such as operating profit. Some members think that the IASB should analyse why the performance measure is widely used in practice and need further research before introducing a new performance measure. The AOSSG generally agrees with the general requirements for fair presentation of all performance measures.

Section 6 Disclosure of accounting policies

AOSSG members express various views for the disclosure of accounting policies. Some members think that all material accounting policies should be disclosed within the financial statements.

There are mixed views as to the way of locating accounting policy disclosure. Some members think that common accounting policies that relate to all entities should not be included in the notes or should be minimised.

Section 7 Centralised disclosure objective

The AOSSG generally agrees with developing the centralised disclosure objectives. Most members feel that they are not in the position to express their views regarding the two methods because Method B has not been sufficiently developed yet and still at the conceptual phase.

As regards where to locate all disclosure objectives and requirements, the views are mixed. Some members prefer ‘a single Standard’ approach and some other members prefer ‘a set of Standards’ approach. In addition, a few members suggest a hybrid approach which combines the two approaches.

Section 8 New Zealand Accounting Standards Board staff’s approach to drafting disclosure requirements in IFRS Standards

There are mixed views on the NZASB staff’s approach.

For our detailed comments, please see Appendices.

The AOSSG hopes that our comments will be helpful for the IASB’s future deliberations. If you have any questions, please feel free to contact us.

Yours sincerely,



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AOSSG Chair
AOSSG Presentation and Disclosure Working Group Leader