



IASB - IFRS 13 and IAS 19 Updates

In March 2021, the International Accounting Standards Board (Board) published the Exposure Draft *Disclosure Requirements in IFRS Standards—A Pilot Approach*. The Exposure Draft sets out a proposed new approach to developing and drafting disclosure requirements in IFRS Standards as well as new disclosure requirements for IFRS 13 *Fair Value Measurement* and IAS 19 *Employee Benefits*.

The Board is seeking feedback by 21 October 2021 on whether those proposals would help companies and other stakeholders improve the usefulness of information disclosed in financial statements. Feedback will help the Board determine whether and how to use the proposed new approach in its future standard-setting activities and whether to finalise the amendments to IFRS 13 and IAS 19.

The notes in financial statements sometimes include too little relevant information, too much irrelevant information and information disclosed ineffectively. Stakeholders say this typically occurs when the requirements in IFRS Standards are treated like a checklist without applying effective judgement. The new approach is written as draft guidance for use by the Board when developing disclosure requirements in individual Standards. In applying this guidance, the Board aims to:

- enhance investor engagement to ensure the Board has an in-depth understanding of investors' information needs and clearly explains those needs in the Standards;
- give greater prominence to the objective of disclosure requirements, requiring companies to apply judgement and provide information to meet the described investor needs; and
- minimise requirements to disclose particular items of information, and instead to help companies focus on disclosing material information only.

The Board has tested this new approach using two IFRS Standards—IFRS 13 *Fair Value Measurement* and IAS 19 *Employee Benefits*—and has proposed amendments to the disclosure requirements in those Standards in the Exposure Draft.

The Board is seeking stakeholder feedback on whether the proposed new approach to developing disclosure requirements and proposed amendments to IFRS 13 and IAS 19 would help companies and others improve the usefulness of information disclosed.

The Board developed the proposals as part of its Disclosure Initiative—Targeted Standards-level Review of Disclosures project. The project is part of the Board's work under the theme Better Communication in Financial Reporting and is one of several projects aimed at improving disclosures in the financial statements.

(Source: <https://www.ifrs.org/news-and-events/news/2021/03/iasb-proposes-a-new-approach/>)

If you would like to discuss any IFRS matters, please drop us an email at info@premier-brains.com or call us at + 971 4 3542959.

This document is only for information purposes and should not be construed as an advice. It does not necessarily cover each aspect of the topic with which it deals. You should not act upon the contents of this document without receiving formal advice on your particular circumstances