January 6, 2022

IFRS Foundation
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Canary Wharf
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United Kingdom

Dear Colleagues,

The Saudi Organization for Chartered and Professional Accountants (SOCPA) appreciates the efforts of the IASB and welcomes the opportunity to comment on the Exposure Draft ED/2021/3, *Disclosure Requirements in IFRS Standards—A Pilot Approach. Proposed amendments to IFRS 13 and IAS 19***.**

SOCPA supports in principle the proposed objective of the project and agrees with setting overall disclosure objectives within the context of individual IFRS standards to guide entities to consider whether the information provided to comply with the specific disclosure objectives meets those overall user information needs. However, as a result of requiring each entity to apply judgement to determine the information to disclose in its circumstances, preparers of financial statements would be left to determine "what and how much" of information is required to be disclosed. This would be operationally challenging and would also cause preparers to disclose minimum information. This in turn would impact both regulators and auditors who would find it challenging to enforce the requirements relating to disclosure of items of information to meet specific disclosure objectives. Also, the use of less prescriptive language will mean the decision on whether or not certain information is to be disclosed will be placed in the hands of the preparer. This will raise concerns with regulators and create additional complications for auditors. As the preparers will be deciding on the disclosures based on their judgement, information disclosed by each entity would be different and, therefore, will significantly impact comparability as well.

The full details of our responses to the questions included in the ED is attached in the Appendix to this letter.

Please feel free to contact Dr. Abdulrahman Alrazeen at (razeena@socpa.org.sa) for any clarification or further information.

Sincerely,

Dr. Ahmad Almeghames
SOCPA Chief Executive Officer

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Appendix:

Disclosure Requirements in IFRS Standards—A Pilot Approach.
Proposed amendments to IFRS 13 and IAS 19. Exposure Draft ED/2021/3

Question 1 —Using overall disclosure objectives

Paragraphs DG5–DG7 of this Exposure Draft explain how the Board proposes to use overall disclosure objectives in future.

(a) Do you agree that the Board should use overall disclosure objectives within IFRS Standards in future? Why or why not?
(b) Do you agree that overall disclosure objectives would help entities, auditors and regulators determine whether information provided in the notes meets overall user information needs? Why or why not?

SOCPA Comments:

(a) SOCPA agrees with setting overall disclosure objectives within the context of individual IFRS standards to guide entities to consider whether the information provided to comply with the specific disclosure objectives meets those overall user information needs. This will allow entities to address all specific disclosure objectives and then consider whether these disclosures made are adequate to meet the overall disclosure objectives as well as the requirements of users.

(b) SOCPA believes that it would be important to provide an "explanation of the purpose" of the notes to financial statements in IAS 1. IAS 1 currently provides a limited definition of "Notes". This would enable the overall disclosure objectives as well as specific objectives within individual IFRS standards to be developed in-line with the "purpose" of the notes to the financial statements. This clarity will help entities, auditors and regulators determine whether information provided in the notes meet the overall disclosure objectives as well as specific objectives within individual IFRS standards and, in turn, the overall user information needs.

Question 2 - Using specific disclosure objectives and the disclosure problem

Paragraphs DG8–DG10 of this Exposure Draft explain how the Board proposes to use specific disclosure objectives in future.

(a) Do you agree that specific disclosure objectives, and the explanation of what the information is intended to help users do, would help entities apply judgements effectively when preparing their financial statements to:

(i) provide relevant information;

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(ii) eliminate irrelevant information; and
(iii)communicate information more effectively?

Why or why not? If not, what alternative approach would you suggest and why?

(b) Do you agree that specific disclosure objectives, and the explanation of what the information is intended to help users do, would provide a sufficient basis for auditors and regulators to determine whether an entity has applied judgements effectively when preparing their financial statements? Why or why not?

SOCPA Comments:

(a) SOCPA agrees with the suggested approach of developing specific disclosure objectives, including explanation of what the information is intended to help users do and that combining these objectives with overall disclosure requirements would help entities apply judgements effectively when preparing their financial statements. This approach would be more effective than the current generic disclosure objectives.

(b) The current generic disclosure objectives restrict the basis for auditors and regulators to determine whether an entity has applied judgements effectively when preparing their financial statements. Therefore, SOCPA agrees that developing specific disclosure objectives, including explanation of what the information is intended to help users do and combining them with overall disclosure requirements would provide a sufficient basis for auditors and regulators to determine whether an entity has applied judgements effectively when preparing their financial statements.

To ensure consistency, SOCPA would also like to emphasize that disclosure objectives for a specific IFRS standard should be developed taking into consideration the disclosure requirements of other IFRS standards (including specific requirements of IAS 1).

Question 3 - Increased application of judgement

Paragraphs DG2–DG3 and DG8–DG13 of this Exposure Draft explain why, in future, the Board proposes to:

(a) use prescriptive language to require an entity to comply with the disclosure objectives.

(b) typically use less prescriptive language when referring to items of information to meet specific disclosure objectives. An entity, therefore, would need to apply judgement to determine the information to disclose in its circumstances.

This approach is intended to shift the focus from applying disclosure requirements like a checklist to determining whether disclosure objectives have been satisfied in the entity's own circumstances. Paragraphs BC188–BC191 of the Basis for Conclusions describe the likely effects of this approach on the behaviour of entities, auditors and regulators towards disclosures in financial statements. Paragraphs BC192–BC212 of the Basis for Conclusions describe the likely

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effects of this approach on the quality of financial reporting, including the cost consequences of the approach.

(a) Do you agree with this approach? Why or why not? If not, what alternative approach do you suggest and why?
(b) Do you agree that this approach would be effective in discouraging the use of disclosure requirements in IFRS Standards like a checklist? Why or why not?
(c) Do you agree that this approach would be effective in helping to address the disclosure problem? For example, would the approach help entities provide decision-useful information in financial statements? Why or why not?
(d) Do you agree that this approach would be operational and enforceable in practice? Why or why not?
(e) Do you have any comments on the cost of this approach, both in the first year of application and in subsequent years? Please explain the nature of any expected incremental costs, for example, changes to the systems that entities use to produce disclosures in financial statements, additional resources needed to support the increased application of judgement, additional audit costs, costs for users in analysing information, or changes for electronic reporting.

SOCPA Comments:

(a) See comments on (b) below

(b) This approach would have its own advantages and disadvantages. By encouraging entity specific information each entity would need to apply judgement to determine the information to disclose in its circumstances. The requirement to use judgement will create challenges in implementation. In addition, because of each entity applying their own judgement to determine the information to disclose in its circumstances, the comparability of financial statements even between similar entities would be diminished. This proposal is a significant change from the current requirements in IFRS standards. The challenge would be to ensure users of financial statements are satisfied with both entity specific information while ensuring comparability between similar entities.

(c) Information needs from the management's point of view would differ from information needs of each other type of users of financial statements. It would be a challenge for the management to understand the needs of each type of users and to ensure that they find the 'right balance" to satisfy all these user's needs when disclosing items of information to meet specific disclosure objectives. If this "right balance" can be found, this approach would help entities provide decision-useful information in financial statements.

(d) As a result of requiring each entity to apply judgement to determine the information to disclose in its circumstances, preparers of financial statements would be left to determine "what and how much" of information is required to be disclosed. This would be operationally challenging and would also cause preparers to disclose minimum information. This in turn would impact both regulators and auditors who would find it

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challenging to enforce the requirements relating to disclosure of items of information to meet specific disclosure objectives.

(e) As with the case of implementation of any new IFRS standard/amendment, this approach would require entities to relook at their information and financial reporting systems prior to the first year of application and revisit these processes during the initial years. Entities would be required to incur additional costs for changes to information and financial reporting systems, recruitment of additional personal in certain circumstances as well as additional audit costs due to the entity specific nature of the information.

Question 4 - Describing items of information to promote the use of judgement

The Board proposes to use the following less prescriptive language when identifying items of information: 'While not mandatory, the following information may enable an entity to meet the disclosure objective'. Paragraph BC19–BC26 of the Basis for Conclusions describe the Board's reasons for this language and alternative options that the Board considered.

Do you agree that the proposed language is worded in a way that makes it clear that entities need to apply judgement to determine how to meet the specific disclosure objective? If not, what alternative language would you suggest and why?

SOCPA Comments:

SOCPA believes the use of 'While not mandatory, the following information may enable an entity to meet the disclosure objective' could be misinterpreted by preparers to imply that depending on circumstances information required to be disclosed could be excluded. If the IASB is to use this proposed language, the amendment should include an explanation to state that preparers should consider items given in the "information to enable an entity to meet the disclosure objective" when determining whether specific objectives have been met.

The use of less prescriptive language will mean the decision on whether or not certain information is to be disclosed will be placed in the hands of the preparer. This will raise concerns with regulators and create additional complications for auditors. As the preparers will be deciding on the disclosures based on their judgement, information disclosed by each entity would be different and, therefore, will significantly impact comparability as well. SOCPA, therefore, suggests that the amendment should include an explanation to state that preparers must exhibit that they have considered all items even if some do not get eventually disclosed. This would ensure that there is no compromise in comparability between financial statements of entities.

Question 5 - —Other comments on the proposed Guidance

Paragraphs BC27–BC56 of the Basis for Conclusions describe other aspects of how the Board proposes to develop disclosure requirements in IFRS Standards in future applying the proposed

Guidance. Paragraphs BC188–BC212 of the Basis for Conclusions explain the expected effects of any disclosure requirements developed using the proposed Guidance.

Do you have any other comments on these aspects? Please indicate the specific paragraphs or group of paragraphs to which your comments relate (if applicable).

SOCPA Comments:

SOCPA supports the proposed guidance presented in the exposure draft to develop disclosure requirements. The approach detailed in the Basis for Conclusions is comprehensive. However, as given in paragraph BC188 of the Basis for Conclusions currently, entities preparing financial statements, regulators as well as auditors tend to adopt a checklist when assessing an entity's compliance with disclosure requirements in IFRS Standards. While the IASB expects disclosure requirements developed using the proposed Guidance will promote the application of judgement in deciding what information to disclose, it would be a challenge to ensure that entities preparing financial statements do not convert the disclosure objectives/requirements that are required to be complied with to a checklist and look for specific items of information to disclose.

Question 6 - Overall disclosure objective for assets and liabilities measured at fair value in the statement of financial position after initial recognition

Paragraphs BC62–BC73 of the Basis for Conclusions describe the Board's reasons for proposing the overall disclosure objective for assets and liabilities measured at fair value in the statement of financial position after initial recognition.

Do you agree that this proposed objective would result in the provision of useful information that meets the overall user information needs about assets and liabilities measured at fair value in the statement of financial position after initial recognition? If not, what alternative objective do you suggest and why?

SOCPA Comments:

SOCPA believes that the overall disclosure objective for assets and liabilities measured at fair value in the statement of financial position after initial recognition as proposed by the IASB will assist preparers to understand and address the specific as well as overall information needs of users of financial statements regarding fair value measurement. Therefore, SOCPA agrees with the overall disclosure objective for assets and liabilities measured at fair value in the statement of financial position after initial recognition as proposed by the IASB.

Question 7 - Specific disclosure objectives for assets and liabilities measured at fair value in the statement of financial position after initial recognition

Paragraphs BC74–BC97 of the Basis for Conclusions describe the Board's reasons for proposing the specific disclosure objectives about assets and liabilities measured at fair value in the statement of financial position after initial recognition, and discuss approaches that the Board considered but rejected.

(a) Do you agree that the proposed specific disclosure objectives capture detailed user information needs about assets and liabilities measured at fair value in the statement of financial position after initial recognition? Why or why not? If not, what changes do you suggest?

(b) Do you agree that the proposed specific disclosure objectives would result in the provision of information about material fair value measurements and the elimination of information about immaterial fair value measurements in financial statements? Why or why not?

(c) Do you agree that the benefits of the specific disclosure objectives would justify the costs of satisfying them? Why or why not? If you disagree, how should the objectives be changed so that the benefits justify the costs? Please indicate the specific disclosure objective(s) to which your comments relate.

(d) Do you have any other comments on the proposed specific disclosure objectives? Please indicate the specific disclosure objective(s) to which your comments relate.

SOCPA Comments:

(a) Based on the reasons given in Paragraphs BC74–BC97 of the Basis for Conclusions for proposing specific disclosure objectives about assets and liabilities measured at fair value in the statement of financial position after initial recognition, SOCPA supports the specific disclosure objectives and believe the specific disclosure objectives would help preparers to recognize the specific needs of users of financial statements.

Example: SOCPA supports the IASB's view given in BC79, "a faithful representation of fair value measurements needs to include an explanation of the uncertainties inherent in that measurement."
In this context, SOCPA believes that requiring a reconciliation from opening to closing balances of Level 3 fair value measurements means users will always be able to understand the amounts recognized in the statements of financial performance relating to Level 3 fair value re-measurements. Such an understanding is important because it helps users to understand any realized and unrealized gains and losses, and the 'quality' of such earnings.

(b) SOCPA believes the proposed specific disclosure objectives in certain instances could result in the provision of information about fair value measurements that is immaterial and irrelevant.

Example: Paragraph 111 states:

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"For recurring fair value measurements, an entity shall disclose information that enables users of financial statements to understand the alternative fair value measurements for each class of assets and liabilities measured at fair value in the statement of financial position after initial recognition, using inputs that were reasonably possible at the end of the reporting period",

This proposal relates to all items that are fair valued on a recurring basis.

- Alternative fair value measurements for class of assets and liabilities which are immaterial will result in fair value measurements that are immaterial
- SOCPA also believes alternative fair value measurements will be of little use for level 1 and 2 inputs and could result in fair value measurement information that is irrelevant. This could be useful for level 3 inputs. However, SOCPA is of the view that the disclosure of sensitivity analysis of significant unobservable inputs in level 3 still has merits and would be immensely useful to users than the non-mandatory alternative fair value measurements proposed in paragraph 111.

(c) Paragraph 111 refers to "For recurring fair value measurements…….", meaning the proposal
requires disclosure of information regarding alternative fair value measurements for each class of assets and liabilities measured at fair value on a recurring basis. As noted in (b) above SOCPA believes such information will be of little use for level 1 and 2 inputs and the benefits would not justify the additional cost to prepare this disclosure.

Question 8 - Information to meet the specific disclosure objectives for assets and liabilities measured at fair value in the statement of financial position after initial recognition

Paragraphs BC74–BC97 of the Basis for Conclusions describe the Board's reasons for proposing the items of information to meet the specific disclosure objectives about assets and liabilities measured at fair value in the statement of financial position after initial recognition, and discuss information that the Board considered but decided not to include.

(a) Do you agree that entities should be required to disclose the proposed items of information in paragraphs 105, 109 and 116 of the [Draft] amendments to IFRS 13? Why or why not? If not, what changes do you suggest and how would they help an entity to meet the specific disclosure objective?

(b) Do you agree with the proposed items of information that are not mandatory but may enable entities to meet each specific disclosure objective? Why or why not? If not, what changes do you suggest and how would they help an entity to meet the specific disclosure objective?

SOCPA Comments:

SOCPA supports the disclosure of the proposed items of information in paragraphs 105, 109 and 116 of the [Draft] amendments to IFRS 13. However, there is a concern about the proposed items of information (paragraphs 106, 110, 113 and 117) that are not mandatory. SOCPA believes since these disclosures are not mandatory there is no incentive for preparers to disclose such information. Some of these disclosures that are proposed as not mandatory could be of significant use to users of financial statements. Therefore, SOCPA suggests IASB revisit these paragraphs prior to specifying these disclosures as not mandatory. Particularly the following disclosures in paragraph 106 and 110:

- a description of the nature, risks, and other characteristics of the classes of assets and liabilities in each level of the fair value hierarchy
- For recurring and non-recurring fair value measurements a description of the significant valuation techniques used in the fair value measurements, if applicable a description of a change in the valuation techniques and the reason(s) for making the change and quantitative or narrative information about the significant inputs used in the fair value measurements

Question 9 - Specific disclosure objective for assets and liabilities not measured at fair value in the statement of financial position but for which fair value is disclosed in the notes

Paragraphs BC98–BC99 of the Basis for Conclusions describe the Board's reasons for proposing the specific disclosure objective for assets and liabilities not measured at fair value in the statement of financial position but for which fair value is disclosed in the notes.

(a) Do you agree that the proposed specific disclosure objective captures detailed user information needs about assets and liabilities not measured at fair value in the statement of financial position but for which fair value is disclosed in the notes? Why or why not? If not, what changes do you suggest?

(b) Do you agree that this proposed specific disclosure objective would result in the provision of useful information about assets and liabilities not measured at fair value but for which fair value is disclosed in the notes? Why or why not?

(c) Do you agree that the benefits of the specific disclosure objective would justify the costs of satisfying it? Why or why not? If you disagree, how should the objective be changed so that the benefits justify the costs?

(d) Do you have any other comments about the proposed specific disclosure objective?

SOCPA Comments:

(a) See comments on (b) below
(b) SOCPA supports the proposed specific disclosure objective in paragraphs 118–119 of IFRS 13, as the proposed specific disclosure objective captures detailed user information needs which enables users to understand the nature and characteristics of assets and liabilities not measured at fair value in the statement of financial position but for which fair value is disclosed in the notes.

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(c) SOCPA believes in most instances the benefits of the specific disclosure objective would justify the costs of satisfying it. Costs would mainly relate to application of judgement based on the needs of users of financial statements. Incremental costs will be as a result of increased involvement by management and increased audit costs related to application of judgement.

Question 10 - Information to meet the specific disclosure objective for assets and liabilities not measured at fair value in the statement of financial position but for which fair value is disclosed in the notes

Paragraph BC100 of the Basis for Conclusions describes the Board's reasons for proposing the items of information to meet the specific disclosure objective about assets and liabilities not measured at fair value in the statement of financial position but for which fair value is disclosed in the notes.

(a) Do you agree that entities should be required to disclose the proposed items of information in paragraph 120 of the [Draft] amendments to IFRS 13? Why or why not? If not, what changes do you suggest and how would they help an entity to meet the specific disclosure objective?

(b) Do you agree with the proposed items of information that are not mandatory but may enable entities to meet the specific disclosure objective? Why or why not? If not, what changes do you suggest and how would they help an entity to meet the specific disclosure objective?

SOCPA Comments:

(a) SOCPA agrees that entities should disclose the fair value measurement for each class of assets and liabilities not measured at fair value in the statement of financial position but for which fair value is disclosed by the level of the fair value hierarchy within which those measurements are categorized in their entirety (Level 1, 2 or 3).

(b) SOCPA is, however, uncertain if the "not mandatory" disclosures required by paragraph 121 of the [Draft] amendments will be effective as there is no incentive for preparers to disclose such information. SOCPA agrees with the amendment that this information can be provided by cross-reference to where that information is disclosed elsewhere in the financial statements.

Question 11 - Other comments on the proposed amendments to IFRS 13

Do you have any other comments on the proposed amendments to IFRS 13 in this Exposure Draft, including the analysis of the effects (paragraphs BC214–BC215 of the Basis for Conclusions) and the Illustrative Examples accompanying the Exposure Draft?

SOCPA Comments:

SOCPA believes the amendments to IFRS 13 will require preparers to change their approach to how they compile disclosures relating to fair value. This would require entities to make changes to information systems as well as find additional expertise in certain instances. Therefore, SOCPA believes the transition requirements relating to the proposed amendments will need to be further reviewed and clarified where required.

Question 12 - Overall disclosure objective for defined benefit plans

Paragraphs BC107–BC109 of the Basis for Conclusions describe the Board's reasons for proposing the overall disclosure objective for defined benefit plans.

Do you agree that this proposed objective would result in the provision of useful information that meets the overall user information needs about defined benefit plans? If not, what alternative objective do you suggest and why?

SOCPA Comments:

SOCPA agrees that the proposed overall disclosure objective for defined benefit plans would result in the provision of useful information that meets the overall user information needs about defined benefit plans as:

- an entity is required to disclose information that enables users of financial statements to assess the effect of defined benefit plans on the entity as well as evaluate the risks and uncertainties associated with the entity's defined benefit plans; and
- the proposed amendment allows an entity to use judgement to determine the level and basis of disaggregation that delivers the most useful information in the entity's circumstances for information provided to meet the disclosure objectives about defined benefit plans.

Question 13 - Specific disclosure objectives for defined benefit plans

Paragraphs BC110–BC145 of the Basis for Conclusions describe the Board's reasons for proposing the specific disclosure objectives about defined benefit plans, and discuss approaches that the Board considered but rejected.

(a) Do you agree that the proposed specific disclosure objectives capture detailed user information needs about defined benefit plans? Why or why not? If not, what changes do you suggest?

(b) Do you agree that the proposed specific disclosure objectives would result in the provision of relevant information and the elimination of irrelevant information about defined benefit plans in financial statements? Why or why not?

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(c) Do you agree that the benefits of the specific disclosure objectives would justify the costs of satisfying them? Why or why not? If you disagree, how should the objectives be changed so that the benefits justify the costs? Please indicate the specific disclosure objective(s) to which your comments relate.

(d) Do you have any other comments on the proposed specific disclosure objectives? Please indicate the specific disclosure objective(s) to which your comments relate.

SOCPA Comments:

(a) SOCPA supports the proposed specific disclosure objectives as it captures the key information needs of users relating to defined benefit plans.

(b) The proposed specific disclosures require mandatory as well as non-mandatory disclosures. This would require entities to apply judgement to determine how best to meet the information needs of the users of financial statements, provide relevant information, and eliminate irrelevant information about defined benefit plans.

However, SOCPA's only concern is that several of the disclosures proposed are non-mandatory. We recommend incentives for preparers to disclose such non-mandatory information, specifically relating to "Nature of, and risks associated with," and "Expected future cash flows relating to" defined benefit plans. It would be a challenge for regulators as well as auditors to determine whether an entity has applied judgements effectively when determining whether the non-mandatory information should be disclosed in their financial statements.

(c) SOCPA believes the benefits of the specific disclosure objectives would exceed the costs of satisfying them as information for a significant amount of the mandatory disclosures is presently anyway generated by entities to whom the standard is applicable.

Question 14 - Information to meet the specific disclosure objectives for defined benefit plans

Paragraphs BC110–BC145 of the Basis for Conclusions describe the Board's reasons for proposing the items of information to meet the specific disclosure objectives about defined benefit plans, and discuss information that the Board considered but decided not to include.

(a) Do you agree that entities should be required to disclose the proposed items of information in paragraphs 147F, 147M and 147V of the [Draft] amendments to IAS 19? Why or why not? If not, what changes do you suggest and how would they help an entity to meet the specific disclosure objectives?

(b) Do you agree with the proposed items of information that are not mandatory but may enable entities to meet each specific disclosure objective? Why or why not? If not, what changes do you suggest and how would they help an entity to meet the specific disclosure objective?

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SOCPA Comments:

(a) SOCPA agrees the proposed items of information in paragraphs 147F, 147M and 147V of the [Draft] amendments to IAS 19 are required to be disclosed as:

- each of the amounts to be recognized in the financial statements as required in paragraph 147F would be needed to meet the specific disclosure objective.
- BC121 of the Basis for Conclusions states information about the expected effects of defined benefit plans on an entity's future cash flows is useful to a user and in some instances is the most relevant information. While paragraph 147J requires disclosing the expected effects of the defined benefit obligation recognized at the end of the reporting period on the entity's future cash flows, paragraph 147M extends this and states an entity may provide information about the expected future cash flow effects for the defined benefit plan as a whole, *without differentiating* between those that meet the defined benefit obligation recognized at the end of the reporting period and *other expected future cash flows, if the entity believes such information would better meet the disclosure objective.* This additional information on the expected future cash flows will be considered useful by a user.
- the tabular reconciliation required by paragraph 147V would provide users with the significant reasons for the movement between the opening balances and closing balances of the net defined benefit liability (asset). This would be more user friendly than a narrative description.

(b) SOCPA believes the proposed disclosures required by paragraph 147S, specifically relating to actuarial assumptions, would not improve or change the information currently disclosed by entities as these are non-mandatory disclosures and entities will continue to follow the current practice rather than change what they are used to.

Question 15 - Overall disclosure objective for defined contribution plans

Paragraphs BC156–BC158 of the Basis for Conclusions describe the Board's reasons for proposing the overall disclosure objective for defined contribution plans.

Do you agree that this proposed objective would result in the provision of useful information that meets the overall user information needs about defined contribution plans? If not, what alternative objective do you suggest and why?

SOCPA Comments:

SOCPA supports the proposed overall disclosure objective as it would result in the provision of useful information that meets the overall user information needs about defined contribution plans.

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SOCPA also believes defined contribution plans pose little risk to an entity, but information about how the plans have affected the primary financial statements is particularly important given their increasing prevalence. As an entity is required to disclose information that enables users of financial statements to understand the effect of defined contribution plans on the entity's financial performance and cash flows, SOCPA agrees the proposed objective would result in the provision of useful information that meets the overall user information needs.

Question 16 – Disclosures for multi-employer plans and defined benefit plans that share risks between entities under common control

Paragraphs BC159–BC166 of the Basis for Conclusions describe the Board's reasons for proposing which disclosure objectives should apply for multi-employer plans and defined benefit plans that share risks between entities under common control.

Do you agree that these proposals would result in the provision of useful information that meets the overall user information needs about these plans? If not, what alternative approach do you suggest and why?

SOCPA Comments:

SOCPA agrees with the IASB's view that compliance with only the overall disclosure objective for defined contribution plans would not sufficiently communicate those risks to users of financial statements of an entity accounting for a multi-employer defined benefit plan as if it were a defined contribution plan or a defined benefit plan that shares risks between entities under common control by recognizing a cost equal to the entity's contribution payable for the period.

However, SOCPA believes mixing the use of the overall objectives of defined contribution plans with certain specific objectives of defined benefit plans will cause issues in application of the requirements. Therefore, SOCPA is of the view that specific guidance should be included to address these situations.

Question 17 – Disclosures for other types of employee benefit plans

Paragraphs BC167–BC170 of the Basis for Conclusions describe the Board's reasons for proposing the overall disclosure objectives for other types of employee benefit plans.

Do you agree that these proposals would result in the provision of useful information that meets the overall user information needs about these plans? If not, what alternative approach do you suggest and why?

SOCPA Comments:

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SOCPA agrees that the proposed overall disclosure objectives would result in provision of useful information that meets the overall user information needs about these other types of employee benefit plans.

Question 18 – Other comments on the proposed amendments to IAS 19

Do you have any other comments on the proposed amendments to IAS 19 in this Exposure Draft, including the analysis of the effects (paragraph BC216 of the Basis for Conclusions) and the Illustrative Examples accompanying the Exposure Draft?

SOCPA Comments:

SOCPA believes the amendments to IAS 19 will require preparers to change their approach to how they compile disclosures. This would require entities to make changes to information systems as well as find additional expertise in certain instances. Therefore, SOCPA believes the transition requirements relating to the proposed amendments will need to be further reviewed and clarified where required.

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