



## Setting disclosures – standard setters

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- ◆ Objective approach to assist preparers in
  - ✓ understanding the “purpose” of disclosures
  - ✓ assessing whether specific disclosure requirements are material to the financial statements
- ◆ Comprehensive review of existing requirements
- ◆ Promotion of best practices under strong support amongst diverse stakeholders

## Implementing disclosures – all stakeholders

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### *“How to apply MATERIALITY”*

While preparers are familiar with applying materiality concepts to the primary financial statements, applying materiality concepts to disclosures is less well understood

- ◆ Enhanced guidance on the application of materiality to disclosures (as well as access to best practice examples)
- ◆ Most importantly, preparers need assurance that there is consensus on the application of materiality **shared by regulators**

## Implementing disclosures, continued

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### ***“Audited or not”***

- ◆ Disclosure requirements cutting across accounting standards and statutory disclosure requirements
  - ✓ Clearly labelled as audited

### ***“Present disclosures to TELL THE STORY” by cutting the clutter – the challenges***

- ◆ To achieve a balance between diversity (“tell the story”) and consistency (“standardization”), the challenge is to adopt a system that allows for both at a cost that can be agreed upon

## What can be pursued to make a new framework work

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- ◆ Shared responsibility
  - ✓ Enhancing audit committee’s role in reducing disclosure overload and duplication (i.e. signed authorization for notes included in the financial reports)
- ◆ Application guidance on materiality and the promotion of best practice

## Challenges

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- ▶ **Potential trade-off**
  - ✓ **Timeliness vs high quality and concise information**
- ▶ **Will there be additional costs associated with increased quality and concise information? If so, who will pay for it?**

*Thank you*