

January 12, 2022

ICAN/ED/R&T/JAN/12/2022

International Accounting Standard Board
Columbus Building, 7 Westferry Circus
Canary Wharf, London E14 4HD
United Kingdom

Dear Sir,

Re: EXPOSURE DRAFTS ON THE PROPOSED AMENDMENTS TO IFRS 13 AND IAS 19

Please find below our responses to the Exposure Drafts named above:

Specific Matter for Comment 1:

- (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?

a. We agree that the Board should apply overall disclosure objectives within IFRS standard in the future. The provision of overall disclosure objectives for each IFRS standard will assist preparers focus on the intent of the disclosure for each of the IFRS standard and will enable the users of the financial statements to utilize financial information for the purpose required.

b. We agree with the Board that overall disclosure objectives would help Entities, Auditors and Regulators determine whether information provided in the notes meet overall user information requirements/needs. The overall disclosure objectives which now focus on using standard specific requirements to narrow the disclosures can help Entities, Auditors and Regulators determine if the information disclosed in the notes meet the users' overall information need.

Specific Matter for Comment 2:

- (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; (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?

- a. We agree that the specific disclosure objectives and the explanation of what the information is intended to help users do, would help in ensuring that relevant information would be provided that are entity specific and the additional principles provided in detail will enable entities to exercise judgements in balancing the intention between providing entity's specific information and information required to ensure comparability with other entities within the same sector.
- b. We 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. Our position is in alignment with our response to question 2a.

Specific Matter for Comment 3:

(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.

We agree with the principle of using prescriptive language for the disclosure objectives. We believe that while less prescriptive language is welcome when referring to the items of information to meet the specific disclosure objectives, there should however be a minimum requirement to disclose certain items of information as a minimum level of disclosure will still be required once an IFRS standard is applicable to the specific circumstances of a client. This approach is similar to what is currently adopted in IAS 16.79 where additional information is encouraged to be disclosed. The implication is that the checklist approach is still relevant as it drives objectivity and ensures certain information required to address comparability across entities with similar transactions are maintained.

Additionally, while the board's position is conceptually sound, operationally, it will lead to serious challenges for the Auditors and Regulators in checking compliance because disclosure requirements from the management perspective are things that are left at the point of finalizing the financial statements and allowing extensive subjectivity and judgment in allowing preparers cherry pick disclosures to make may lead to a poor quality disclosures unnecessary elongation of the audit process due to debates on what disclosures are considered material or not and unintended consequences such as poor quality disclosure and increase in audit cost because the auditor will be required to spend significant number of audit hours evaluating the basis of management's judgment. Accordingly, the use of a checklist cannot be totally discarded and we do support an hybrid approach of making certain disclosures mandatory while additional disclosures can be left to management's judgment.

Specific Matter for Comment 4:

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?

See our response to question 3 above in addressing the question 4.

Specific Matter for Comment 5:

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)?

We have no further comment.

Specific Matter for Comment 6:

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?

We agree with the proposed overall disclosure objective that this would lead to the disclosure of useful information that meets the overall user information needs about assets and liabilities. However, the Board should relook at paragraph 100 on “exposure to uncertainties associated with fair value measurement”. The board should clarify what type of uncertainties (measurement uncertainties or non measurement uncertainties) that entities should focus on in providing the fair value disclosure as such wording can be subject different interpretations. The Board should also consider the discussion on including certain level of minimum disclosure requirements as discussed above in our response to Question 3.

Specific Matter for Comment 7:

(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?

We agree that the specific disclosure objectives would provide sufficient information. However, the Board should consider the need for certain minimum disclosure requirements as discussed in our response to Question 3.

Specific Matter for Comment 8:

- 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) (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?

We agree that entities should disclose the information as it would provide specific information required by users to meet their information needs on matters related to fair value measurement.

Specific Matter for Comment 9:

- (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?

We agree with the Board's position relating to fair value disclosure requirements for assets and liabilities that are not measured at fair value in the statement of financial position but for which fair value is disclosed in the notes. However the Board should bear in mind our concern stated in our response to question 3 on the provision of minimum disclosure requirements.

Specific Matter for Comment 10:

- 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?

We agree with the proposed requirements. However, subject to our concern expressed in response to questions 3 and 8 above.

Specific Matter for Comment 11:

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?

The Board should provide more Illustrative Examples to provide guidance for the preparers of financial statements to properly apply the principles enunciated by this amendment to IFRS 13.

Specific Matter for Comment 12:

(a) 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?

We agree with the overall disclosure objectives. However, we have concerns that removing the checklist approach may result to unintended consequences. As this would leave the whole prerogative of what needs to be disclosed to the preparers of financial statements. This may lead to excessive subjectivity and may result in not achieving the objectives of this amendment. Refer to our response to question 3 for further details.

Specific Matter for Comment 13:

(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?

(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.

We agree with the specific disclosure objectives. However, as noted in our responses to the above question, that some relevant disclosure requirements are not made mandatory which might make the board not to meet its overall objective. Thus, we are of the view that some disclosure requirements should be made mandatory as they would still be relevant for any defined benefit plan in the financial statements.

Specific Matter for Comment 14:

- 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?

We agree that entities should be required to disclose all the items under “147F, 147M and 147V” and they should be made mandatory. As making some of the items not mandatory would make their disclosure subjective and would not achieve the specific disclosure objectives. Some of these items are relevant when there is a defined benefit plan recognized in the statement of financial position.

Specific Matter for Comment 15:

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?

We agree that the overall disclosure objective for defined contribution plan is required. We however request that the Board provides additional information that should be disclosed by users of financial statements that have defined contribution plans.

Specific Matter for Comment 16

- a) 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?

We agree with the proposals as they relate to multi-employer and defined benefit plans with disclosure objectives. However the Board should consider our concerns as expressed in our response to question 3 above.

Specific Matter for Comment 17:

- (a) 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?

We agree with the Board overall disclosure objective for other long term employee benefit. We acknowledge that other long term employee benefits are of different nature. However, there is need for the Board to provide additional guidance on what preparers of financial statements should disclose when they have other long term employee transactions in their financial statements.

Specific Matter for Comment 18:

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?

We request that the Board should consider providing additional illustrative examples relating to the disclosure objectives. Also, having some certain level of minimum disclosure requirements should be required to avoid excessive use of management judgement and increased susceptibility of relevant disclosures to management bias. Therefore, the checklist approach should not be scrapped because it will help in driving consistent application of disclosure requirements and the suggested hybrid approach as discussed in our response to question 3 will balance the use of judgment and ensuring relevant information are provided to the users of the financial statements .

We appreciate the privilege to contribute to the Exposure Drafts and we are available should there be need for further clarification.

Yours faithfully,
For: Registrar/Chief Executive



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