

EFRAG
35 Square de Meeûs
B-1000 Brussels
Belgium

Oslo, January 8th, 2013

Dear Sir/Madam

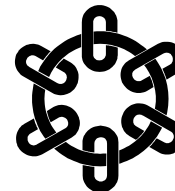
Towards a Disclosure Framework for the Notes – Discussion Paper

Norsk RegnskapsStiftelse (the Norwegian Accounting Standards Board) is pleased to comment on the Discussion Paper *Towards a Discussion Framework for the Notes*.

We support the EFRAGs initiative to suggest a comprehensive re-think of the role of the notes to the financial statements. Furthermore, we agree with the key principles of a Disclosure Framework presented in the discussion paper (Question 1.1). We also support the statement that the general objective of a Disclosure Framework is to ensure that all and only relevant information is disclosed in an appropriate manner.

More disclosure requirements are continuously being added to the standards leading to increasingly more information being presented in the financial statements. In principle we believe more information in the notes is expedient provided that the additional information improves the user's understanding of the financial performance, financial position and cash flows of a reporting entity. In practice however, we observe that an increased amount of the information presented in the notes is not material and/ or not relevant for understanding the reporting entity. Hence, the quality of information in the notes may decrease because significant information is obscured by the extensive amount of less relevant information presented in the notes.

We believe the 'disclosure problem' addressed in the discussion paper is more caused by improper application of materiality to disclosures than excessive disclosure requirements. In order to avoid discussions with auditors, regulators and users the preparers appear to opt for full compliance with all disclosure requirements regardless of materiality or understandability. Consequently, the extensive volume of the notes may reduce the quality of information for users of financial statements by obscuring relevant information. Although IFRS currently states that an entity does not need to disclose information that is not material we support the suggestion that a Disclosure Framework should reinforce the application of materiality (Question 4.1). Furthermore, we believe it would be helpful to include guidance for applying materiality in the Disclosure Framework (Question 4.2).



It is mentioned that notes have become far too complex to be easily understood. We acknowledge that the information provided in many notes is complex e.g. financial instruments, share-based payments, pensions and impairment. However, certain transactions, agreements and estimates are complex by nature and we believe it is inevitable that the notes by amplifying and explaining such items also contain complex information. We are concerned that reduced complexity of information provided in the notes could cause less faithful representation and reduced useful information to users of financial statements.

We believe the effectiveness of disclosure in the notes could be significantly improved through better communication and appropriate organising. We support the communication principles presented in chapter 5 of the discussion paper.

Please do not hesitate to contact us if you would like to discuss any specific issues addressed in our response, or related issues, further.

Yours faithfully,
Norsk RegnskapsStiftelse

Erlend Kvaal
Chairman of the Technical Committee on IFRS of Norsk RegnskapsStiftelse