Why we have issued this Discussion Paper

• The objectives of this Discussion Paper are:
  identify what disclosures are relevant for the notes to the financial statements;
  discuss what materiality means from a disclosure perspective; and
  develop a set of principles for good communication of disclosures.

• We have developed some suggestions for a Disclosure Framework for the Notes to the financial statements.

• The objective of the Disclosure Framework is to ensure that all and only relevant information is disclosed in an appropriate manner, so that detailed information does not obscure relevant information in the notes to the financial statements.

• The comment period closes on 31 December. Please send comments to commentletters@efrag.org
What we have said

A number of Key Principles have been identified on:

- Purpose and content of the notes
- Purpose and content of the notes
- Setting disclosure requirements
- Communicating information
- Applying the requirements
- Applying the requirements
Overview of the Framework

**Overview of the Framework**

- **PREPARERS**
  - Assist in the application of materiality

- **STANDARD SETTERS**
  - Provide a consistent approach to set requirements

- **Auditors**

- **Regulators**

**How does the Framework help?**

- Defining the notes and the structure of the Framework
- Setting requirements in Standards
- Improving how information is communicated
- Assessing relevance at entity level

**Who is the main actor?**

- PREPARERS
  - Auditors
  - Regulators
The purpose of the notes is to provide relevant description of the items presented in the primary financial statements and of unrecognised arrangements, claims against and rights of the entity that exist at the reporting date.

<table>
<thead>
<tr>
<th>Aggregation/disaggregation of line items</th>
<th>What the item is</th>
<th>How the item fits in the entity’s operations and financial structure</th>
<th>How the item has been accounted for</th>
</tr>
</thead>
</table>

*Indicators are suggested to assess when this information is relevant*
What we have said

- The Framework suggests that not all information around a material item is necessarily material.
- The Framework suggests a number of indicators to guide in the assessment of materiality of each information.
What we have said

- Quality of information is not only about the “what” is disclosed, but also “how”.
- The Discussion Paper suggests that information in the notes should meet these principles:

<table>
<thead>
<tr>
<th>Principle</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Be entity-specific</td>
<td>Be current</td>
</tr>
<tr>
<td>Inform and explain the substance of transactions</td>
<td>Be organised</td>
</tr>
<tr>
<td>Be clear, balanced, concise and written in plain language</td>
<td>Be linked</td>
</tr>
</tbody>
</table>