

**Organismo Italiano di Contabilità – OIC
(The Italian Standard Setter)**

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Re: Discussion Paper DP/2017/1 *Disclosure Initiative – Principles of Disclosure*

Dear Mr Hoogervorst,

We are pleased to have the opportunity to provide our comments on the IASB's Discussion Paper *Disclosure Initiative – Principles of Disclosure* (the "DP").

We welcome the IASB's project about Principles of Disclosure and the Disclosure Initiative that is one of the most important IASB's active projects.

The disclosure problem and the aim of the project

We support the description of the 'disclosure problem' in the IASB DP, but we think that the proposals in the DP do not appropriately address concerns about the disclosure overload that is the most relevant "disclosure problem". In our view, to address these concerns, the Principles of Disclosure project should identify and remove (at standard-level) any disclosure requirements that are redundant or excessive. The IASB should review all the existing Standards and develop principles of disclosure considering, also, the implication of technology on the presentation of financial statement in general.

Furthermore, we note that there is some overlap between the following IASB projects: *Conceptual Framework*, *Primary Financial Statement*, *Materiality and Principles of Disclosure*. For example, subtotals are addressed in the *Primary Financial Statement* project and in the *Principles of Disclosure* project. This may create confusion for constituents, so we suggest eliminating this overlap, addressing each issue in its specific project.

Location of information

We understand that the DP permits the use of cross-references. We think that this issue is very important, because it includes the extent to which the financial statements should be a standalone document. In our view, the IASB should do further work on this issue, together with audit authorities and regulators, to assess the audit, legal and regulatory implications of the proposed guidance on cross-references across different jurisdictions.

Moreover, we do not support the IASB's proposal to use the definition of 'an entity's annual reporting package' (proposed in the Exposure Draft *Improvements to IFRS 8*) to permit entities to provide information outside the financial statements. This is because we think that this proposed definition is too broad and may be difficult to implement. We also think that the IASB should address in this project the consistency between information included in an entity's documents (ie financial statements and management commentary) taking into account that its role is to develop standards for financial statements and not for the management commentary or other reported documents.

We acknowledge that the inclusion of 'non-IFRS information' in financial statements is complex, because it may be difficult to distinguish non-IFRS information from other information. We think that an entity should be permitted to provide 'non-IFRS information' and it should identify clearly such information in the financial statements as 'non-IFRS information' or by a similar labelling.

Use of performance measures in the financial statements

We support exploring the possibility of providing a guidance on the classification of items as 'unusual' or 'infrequently occurring' might be appropriate. However, we think that:

- it will be very difficult to define 'unusual' or 'infrequently occurring' items, and
- this issue should be addressed in the *Primary Financial Statement* project and not in this project.

Disclosure of accounting policies

We think that a guidance about disclosures of accounting policies and significant judgements and assumptions is useful.

In our view, the categorisation of accounting policies, as proposed in the IASB DP, needs further clarifications. In particular, we think that the IASB should clarify 'Category 2 - accounting policies that are not always necessary but also relate to items, transactions or events that are material to the financial statements'. Lastly, we think that the IASB should not provide guidance on information that is not required by IFRS Standards (Category 3), because this guidance is not necessary for an understanding of the financial statements.

Principles of effective communication

We welcome the proposals on "principles of effective communication"; however, we think that these principles should be included in a Standard and not as a non-mandatory guidance.

We support to develop a non-mandatory guidance on formatting.

Should you need any further information, please do not hesitate to contact us.

Yours sincerely,

Angelo Casò

(Chairman)