

12 July 2012

EFRAG, ANC AND FRC ISSUE A DISCUSSION PAPER: ‘TOWARDS A DISCLOSURE FRAMEWORK FOR THE NOTES’

The European Financial Reporting Advisory Group (EFRAG), the Autorité des Normes Comptables (ANC) in France, and the Financial Reporting Council (FRC) in the United Kingdom have published today a Discussion Paper, ‘Towards a Disclosure Framework for the Notes’. The Discussion Paper is the result of a joint project between EFRAG, the ANC and the FRC, as part of EFRAG’s proactive agenda.

Many commentators have indicated that the notes to the financial statements have grown considerably over the years as the International Accounting Standards Board (IASB) keeps adding to existing disclosure requirements in International Financial Reporting Standards to support more transparency. As a result, the notes have become so extensive that investors and creditors can no longer ‘see the wood for the trees’. A major concern around the world is that the notes to the financial statements have become a real burden and it is not clear that they serve their intended purpose which is to help users understand the numbers in the financial statements.

Rather than just re-state the problem, the Discussion Paper sets out some key principles that EFRAG, the ANC and the FRC consider essential to design of an effective Disclosure Framework. Such principles are necessary to change how disclosure requirements are set to free preparers, auditors and regulators from the detailed compliance exercise that they currently experience.

The proposals in the DP set out a decision framework for both the standard setter in setting the requirements and for preparers, auditors and regulators in applying those requirements, placing emphasis on the need to improve the communication to investors, creditors and others who rely on the financial statements to make decisions. The work ahead is challenging for all involved, and the Discussion Paper aims at contributing to the work of the IASB in the development of a much awaited Disclosure Framework. Efforts to be undertaken are not limited to IFRS, as shows the cooperation EFRAG, ANC and FRC have had with the FASB who have been undertaking a similar project. It is hoped that the Discussion Paper leads to a constructive debate within Europe and elsewhere and all that have an

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interest in more effective and streamlined disclosures in financial reporting are strongly encouraged to respond to the invitation for comments.

The Discussion Paper is open for comment until 31 December 2012 and can be downloaded, together with a summarised presentation of the proposals subject to discussion, from the EFRAG website www.efrag.org, ANC website www.autoritecomptable.fr and FRC website www.frc.org.uk .

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Notes for Editors:

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1. *About EFRAG* (www.efrag.org)

EFRAG, the European Financial Reporting Advisory Group, was set up principally for the purpose of:

- Providing pro-active advice to IASB (the International Accounting Standards Board);
- Advising the European Commission on the acceptability of International Financial Reporting Standards (IFRS) for endorsement for use in Europe in the consolidated accounts of all listed companies;
- Stimulating, coordinating and carrying out proactive accounting activities;
- Advising the European Commission on any resulting changes to be made to the accounting directives and related topics.

2. *About ANC* (www.autoritecomptable.fr)

The Autorité des Normes Comptables (ANC) is the French accounting standard setter. The ANC is in charge of three main tasks:

- Setting the accounting standards for French companies ;
- Participating in the international accounting standard-setting, including the adoption of international accounting standards in Europe;
- Fostering and participating into accounting research.

3. *About FRC* (www.frc.org.uk)

The FRC is the UK's independent regulator responsible for promoting high-quality corporate governance and reporting to foster investment. The FRC sets the framework of standards for the accounting, auditing and actuarial profession, oversees their conduct and develops and promotes the UK Corporate Governance and Stewardship Codes.

4. *Discussion paper*

The Discussion Paper can be downloaded, free of charge, from the following websites: EFRAG at <http://www.efrag.org/>, ANC at <http://www.autoritecomptable.fr>, and the FRC at <http://www.frc.org.uk>.

5. *Press enquiries*

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