



ACCOUNTING STANDARDS BOARD

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TO: MEMBERS OF THE TECHNICAL COMMITTEE
FROM: NABEELA IMAM SHAH
SUBJECT: GUIDANCE FOR DEVELOPING DISCLOSURE REQUIREMENTS
DATE: 15 AUGUST 2023
FILE REF: ATTACHMENT 10(a)

BACKGROUND AND PURPOSE

1. The International Accounting Standards Board (IASB[®]) developed Guidance for developing and drafting disclosure requirements in IFRS[®] Accounting Standards (Guidance). The Guidance is included as attachment 10(b) for information purposes. The Guidance was developed as part of the IASB's project on *Disclosure Initiative - Targeted Standards-level Review of Disclosures* and it provides a framework to the IASB for developing and drafting disclosure requirements.
2. The Guidance aids the IASB to develop disclosure requirements, that when applied by an entity, provides users of financial statements with useful information at a cost that does not exceed the benefits of its provision.
3. The Guidance contains three main components of disclosure that the IASB considers for each IFRS Accounting Standard:
 - an overall disclosure objective that describes the information needs of users of financial statements;
 - specific disclosure objectives that describe the detailed information needs of users; and
 - a description of the items of information that satisfy the specific disclosure objectives.

However, the disclosure requirements in every IFRS Accounting Standard need not include all three components.

4. The purpose of this memorandum is to request views from the Technical Committee about:
 - The need for similar guidance for the Board to develop disclosure requirements in the Standards of GRAP.
 - Where the need is confirmed, the location of the proposed guidance.

Board Members: Ms P Moalusi (Chair), Mr A van der Burgh (Deputy Chair), Mr C Braxton, Ms W de Jager, Mr D Dlamini,
Mr S Khan, Ms A Muller, Ms N Themba
Chief Executive Officer: Ms J Poggiolini Technical Director: Ms E van der Westhuizen

THE NEED FOR SIMILAR GUIDANCE

5. The Secretariat recommends that similar guidance is developed for the development of disclosure requirements in the Standards of GRAP, for the following reasons:
- The Guidance serves as a methodology/procedure for the IASB to develop and draft disclosure requirements. As the ASB does not currently have procedures on developing disclosure requirements, similar guidance could be useful to the Board when developing disclosure requirements for the Standards of GRAP. The thought process in the guidance will aid the Board in determining which disclosure requirements provide valuable information to users at a cost that does not exceed the benefit.
 - The Guidance by the IASB intends to result in disclosure requirements that prompts entities to use judgement to identify and disclose information that meets disclosure objectives. This will be useful for preparers of financial statements applying the Standards of GRAP to enable them to move away from providing boilerplate disclosure, to providing entity-specific information.

ACTIONS REQUESTED #1

The Technical Committee is requested to CONSIDER whether similar guidance should be developed for the development of disclosure requirements in the Standards of GRAP.

LOCATION OF THE GUIDANCE (WHERE THE NEED IS CONFIRMED)

6. The Secretariat proposes that the guidance forms part of the *Procedure Manual for Standard-setting Activities* of the ASB because:
- The proposed guidance will detail the methodology and process the Board should apply when developing disclosure requirements.
 - The information in the guidance is a guide to the Board. It is not meant to introduce any new concepts or assist stakeholders in applying the Standards of GRAP. Therefore, including it as part of a GRAP pronouncement such as the Conceptual Framework is inappropriate.
 - Considerations to develop disclosure requirements is a detailed standard-setting matter. It is therefore better suited for the *Procedures Manual for Standard-setting Activities* rather than the Due Process Handbook.

ACTIONS REQUESTED #2

The Technical Committee is requested to CONFIRM the location of the proposed guidance.

OTHER CONSIDERATIONS WHEN DEVELOPING DISCLOSURE REQUIREMENTS

7. During the development of the proposed standard on social benefits, the Technical Committee requested the Secretariat to conduct an exercise to identify all economic phenomena relating to social benefits and whether they are recognised and disclosed in the current suite of Standards. If phenomena were identified that were not recognised, the exercise aimed to identify the information that users may need about them and how this could be captured in the suite of Standards (or elsewhere).

8. This exercise was piloted in the social benefits project and it worked well to identify whether the accounting for likely transactions and/or events relating to social benefits are considered. The Secretariat will include the consideration of all the economic phenomena of a transaction, event or circumstance in the *Procedure Manual for Standard-setting Activities*.

NEXT STEPS

9. If the need for guidance is confirmed, the guidance will be developed by staff. If further Technical Committee and/or Board involvement is required, the timelines can be agreed.