

Disclosure Requirements in IFRS Standards– A Pilot Approach **Response to draft comment letter –Aviva**

I thought it would be worth dropping you a line to set out our thoughts on the IASB's Disclosure Pilot and the UK Endorsement Board's draft response which we have reviewed as part of the November agenda papers. The view from Aviva is that while we agree with the UK Endorsement Board's support for the IASB's objectives to improve disclosures, we have concerns that the IASB's proposals would not achieve this.

In my view a key reason for the current problem is that preparers are not applying sufficient judgement on whether or not to include material information not mandated and/or omit immaterial disclosures which leads to irrelevant information. The IASB's proposal relies more heavily on preparers to exercise their judgement to determine how disclosures meet the overall and specific disclosure objectives. Given this is already badly done it could worsen rather than improve the quality of disclosures / comparability between companies. Also in respect of more complex standards like IFRS 9 and IFRS 17 it could really undermine the Transparency and comparability objective.

We note that some preparers may end up disclosing all the non-mandatory information which results in a similar position to existing disclosure requirements, because of the burden to demonstrate to auditors and regulators why certain disclosures have been omitted on grounds of materiality or due to a risk-adverse Audit Committee.

In our view, the most effective means for improving disclosures is through initiatives such as the UK FRC thematic reviews, that provide examples showing good and poor quality disclosures and to reinforce that materiality also applies to disclosures.

Please do not hesitate to contact us if you wish to discuss any of our comments in more detail.

Kind regards