VMEBF
Bilanzierung in Familienunternehmen

Mr. Hans Hoogervorst
International Accounting Standards Board – IASB
30 Cannon Street

London EC4M 6XH
United Kingdom

Weinheim, 19/09/17

Dear Mr. Hoogervorst,

RE: DISCUSSION PAPER DP/2017/1

We appreciate the opportunity to comment on the IASB´s discussion paper DP/2017/1 “Disclosure Initiative – Principles of Disclosure” and the Board’s efforts to address what it calls “the disclosure problem”.

The Association for Participation in the Development of Accounting Regulations for Family-owned Entities (VMEBF) was founded in 2006 and consists of German companies with a strong family shareholder background. Beyond its members, the association represents a huge number of family-owned large and medium-sized entities in Germany, often legally organised in the form of partnerships. The objective of the VMEBF association is to make the role of German family businesses as stakeholders in the development of international financial reporting more visible and to act as a constructive partner for the standard setters. We work closely together with the German standard setter GASC and the German Institute of Chartered Auditors (IDW) as well as other political institutions.

As already indicated in our comment letter on the Board´s Request for Views regarding the Agenda Consultation 2015, we still believe that today an overriding conceptual framework, coherent and concise disclosure principles and a comprehensive review of existing disclosure requirements on standard-level are the most pressing financial reporting needs. In recent years we observed a permanent increase in notes disclosures as the board added disclosure requirements with every project finalised. For example, we are really concerned about the excessive increase in disclosure requirements related to IFRS 15 and IFRS 16 or IFRS 7 for non-financial institutions. We understand the Board´s objective to provide decision-useful information to the users of financial statements. However, we do not think that pure expanding disclosure requirements will help fulfilling that objective. Most commonly, disclosure requirements are determined to fix the conceptual shortcomings of the standards and rather lead to an information overload on the user-side than to an increase in decision-usefulness. Additionally, the preparation of that kind of information (which is normally not prepared as part of management reporting and therefore is not readily available, especially in diversified, world-wide acting decentralised group structures) incurs excessive cost on the side of the reporting entity.

We are certainly aware of the increasing complexity of business transactions, especially in the financial sectors. However, not all notes disclosures required by IFRSs today provide decision-useful information to a large percentage of users of financial statements. Instead, they often provide information to a small group of specialised users. For the rest, too much complex information rather results in irritation and the decision-useful information will get lost. From a cost-benefit or even a relevance point of view this seems rather unrewarding in terms of preparers as well as standard users of financial statements.

With that in mind, we do not fully agree with the Board’s conclusions on the causes of the disclosure problem. Although we acknowledge the existence of behavioural difficulties in using judgement when deciding what information to disclose and how to communicate it, we still believe that the most important aspect of the disclosure problem are the excessive disclosure requirements on standard-level. From our point of view, the discussion paper lacks an intensive discussion on what the IASB intends to do with regard to already existing disclosure requirements in the light of obvious information overload in several standards. We therefore would highly welcome the IASB adding a project phase with the aim to unclutter existing disclosure requirements. However, this would first of all require the development of coherent and concise principles to determine reasons for, triggers initiating and the location to place certain notes disclosures on the basis of the underlying transaction (i.e. on a standard-level). The IASB could also think about merging all of its disclosure requirements in on single standard instead of defining disclosure requirements in each and every IFRS. By focussing notes disclosure on a necessary narrow scope and presenting all disclosure requirements in one single standard “IFRS # – Disclosures” instead of lots of different IFRSs, the Disclosure Initiative could have a good chance to be an appreciated IASB project for preparers and analysts.

Please refer to the appendix to this letter for our detailed answers to the questions asked in the consultation paper.

If you have any further questions or like to talk about our answers and suggestions in a personal meeting please do not hesitate to contact us.

Kind regards,

Association for Participation in the Development of
Accounting Regulations for Family-owned Entities (VMEBF)

Prof. Dr. Dieter Truxius	Peter Krieg	Volker Christ	Prof. Dr. Norbert Winkeljohann

Appendix:
VMEBF comments on the additional questions

Question 1:

Paragraphs 1.5–1.8 describe the disclosure problem and provide an explanation of its causes.

- ***(a) Do you agree with this description of the disclosure problem and its causes? Why or why not? Do you think there are other factors contributing to the disclosure problem?***
- ***(b) Do you agree that the development of disclosure principles in a general disclosure standard (ie either in amendments to IAS 1 or in a new general disclosure standard) would address the disclosure problem? Why or why not?***

(a) As already stated in our cover letter, we do not fully agree with the Board's conclusions on the causes of the disclosure problem. Although we acknowledge the existence of behavioural difficulties in using judgement when deciding what information to disclose and how to communicate it, we still believe that the most important aspect of the disclosure problem are the excessive disclosure requirements on standard-level. From our point of view, the discussion paper lacks an intensive discussion on what the IASB intends to do with regard to already existing disclosure requirements in the light of obvious information overload in several standards. We therefore would highly welcome the IASB adding a project phase with the aim to unclutter existing disclosure requirements. However, this would first of all require the development of coherent and concise disclosure principles to determine reasons for, triggers initiating and the location to place certain notes disclosures on the basis of the underlying transaction (i.e. on a standard-level).

(b) We do agree with the Board's proposal to develop a general disclosure standard. This is preferable to an amendment of IAS 1 in this respect. However, we do not think that only the development of very generic principles would help solving the disclosure problem. Instead, we believe that disclosure principles should be developed with regard to the very transaction or standard the disclosures refer to. Moreover, we believe that the IASB should think about merging all of its disclosure requirements in on single standard instead of defining disclosure requirements in each and every IFRS. By focussing notes disclosure on a necessary narrow scope and presenting all disclosure requirements in one single standard, the Disclosure Initiative could have a good chance to be an appreciated IASB project for preparers and analysts.

Besides, we would like to comment on the assumption of the IASB that advances in technology like online electronic reports or structured electronic data (e.g. taxonomy data models) might create further ways in which to present and disclose financial information. Another consequence of such a development is the unquenchable thirst for information of highly specialised users or data miners. This assumption is inextricably linked with the question of the exploitability of the information provided and a definition of what is decision-useful and to whom. We believe that whenever a piece of information is available, it is also possible to process and evaluate that kind of information using modern software solutions. However, we believe that it cannot be the objective of financial statements or especially notes disclosures to provide highly specialised users or data miners with information not relevant for the primary users of financial statements (i.e. investors and other participants in the various capital markets) as defined by the IASB. For that reason, it is indispensable to align the objectives of disclosure principles to be developed with the fundamental information needs of primary users of financial statements to avoid information overload and ensure decision-useful notes disclosures.

Developing one single standard on notes disclosures would have the advantage for the users that it is easier to orientate respectively find all disclosure requirements in the same IFRS place instead of having to search about 20 to 30 IFRSs for notes disclosure requirements. In addition, for the IASB and its staff it would facilitate future amendments as all disclosure requirements are pooled in a single standard and can be found in one place. As a consequence, the workload of updating and for avoiding contradictions in similar but not identical requirements (e.g. performance measures or financial position requirements and related cash-oriented information) will shrink.

Question 2:

Sections 2–7 discuss specific disclosure issues that have been identified by the Board and provide the Board's preliminary views on how to address these issues.

Are there any other disclosure issues that the Board has not identified in this Discussion Paper that you think should be addressed as part of this Principles of Disclosure project? What are they and why do you think they should be addressed?

Please refer to our answer to question 1 with regard to disclosure issues the Board has not identified in the DP.

Question 3:

The Board's preliminary view is that a set of principles of effective communication that entities should apply when preparing the financial statements as described in paragraph 2.6 should be developed. The Board has not reached a view on whether the principles of effective communication should be prescribed in a general disclosure standard or described in non-mandatory guidance.

The Board is also of the preliminary view that it should develop non-mandatory guidance on the use of formatting in the financial statements that builds on the guidance outlined in paragraphs 2.20–2.22.

(a) Do you agree that the Board should develop principles of effective communication that entities should apply when preparing the financial statements? Why or why not?

(b) Do you agree with the principles listed in paragraph 2.6? Why or why not? If not, what alternative(s) do you suggest, and why?

(c) Do you think that principles of effective communication that entities should apply when preparing the financial statements should be prescribed in a general disclosure standard or issued as non-mandatory guidance?

(d) Do you think that non-mandatory guidance on the use of formatting in the financial statements should be developed? Why or why not?

If you support the issuance of non-mandatory guidance in Question 3(c) and/or (d), please specify the form of non-mandatory guidance you suggest (see paragraph 2.13(a)–(c)) and give your reasoning.

(a) We do not support the development of a mandatory standard on effective communication. Although we principally agree that effective communication of information is important, we doubt that an additional set of non-mandatory guidance on that topic will significantly enhance communication. The IASB should rather consider chosen communication issues when developing fundamental disclosure principles (see our answer to question 1). We also do not agree with the proposed guidance on formatting used in financial statements. The question of how to arrange and format information is highly subjective and therefore rather a matter of taste. The IASB should not confine managerial judgement as related to formatting.

(b) We principally agree with the principles described in par. 2.6 (a)-(e). With regard to optimising comparability, we do not think that an entity should be obliged to survey presentation issues of competitors when deciding on how to present its financial information. The IASB could think about organizing such guidance in illustrative examples relating to disclosure principles to be developed (see our answer to question 1).

(c) We believe that for the reasons pointed out above, the IASB should consider chosen communication issues when developing fundamental disclosure principles (see our answer to question 1). Furthermore, we propose to enhance the link between communication principles and the qualitative characteristics of useful financial information in the Conceptual Framework. For example, the communication principle described in par. 2.6 (a) relates to the relevance of information, the communication principles set out in par. 2.6 (b)-(g) refer to the understandability of information. Communication principle 2.6 (b) also relates to faithful presentation and 2.6 (f) also refers to the comparability of information.

(d) We do not agree with the proposed guidance on formatting used in financial statements (see (a) above).

Question 4:

The Board's preliminary views are that a general disclosure standard should:

- ***specify that the 'primary financial statements' are the statements of financial position, financial performance, changes in equity and cash flows;***
- ***describe the role of primary financial statements and the implications of that role as set out in paragraphs 3.22 and 3.24;***
- ***describe the role of the notes as set out in paragraph 3.28, as well as provide examples of further explanatory and supplementary information, as referred to in paragraphs 3.26–3.27; and***
- ***include the guidance on the content of the notes proposed in paragraphs 7.3–7.7 of the Conceptual Framework Exposure Draft, as described in paragraph 3.7.***

In addition, the Board's preliminary views are that:

- ***it should not prescribe the meaning of 'present' as presented in the primary financial statements and the meaning of 'disclose' as disclosed in the notes; and***
- ***if it uses the terms 'present' and 'disclose' when describing where to provide information in the financial statements when subsequently drafting IFRS Standards, it should also specify the intended location as either 'in the primary financial statements' or 'in the notes'.***

Do you agree with the Board's preliminary views? Why or why not? If you do not agree, what do you suggest instead, and why?

Although we welcome the IASB specifying terms like “primary financial statements”, we miss a conceptual discussion about the common basis for a distinction between primary financial statements and notes. The IASB states that the primary financial statements give an overview of an entity's financial position, financial performance, cash flows and changes in its equity and can be used to identify areas that users might wish to investigate further. We believe that this is also true for information included in the notes, e.g. segment reporting. Segment information is crucial to the understanding of the financial position, financial performance or cash flows of a diversified entity. For that reason, we are not sure whether the distinction suggested and the implications of that kind of distinction would in each and every case lead to helpful guidance for preparers of financial statements.

It would be helpful to have a common understanding of what is meant by the terms “present” and “disclose” in a context of where to provide information. However, we have no preference for one of the views provided in the discussion paper. The IASB could provide clarification by defining the meaning of “present” and “disclose” or by explicitly specifying the intended or preferred location. We believe that the results of both solutions would be the same.

Question 5:

The Board’s preliminary view is that a general disclosure standard should include a principle that an entity can provide information that is necessary to comply with IFRS Standards outside financial statements if the information meets the requirements in paragraphs 4.9(a)–(c).

(a) Do you agree with the Board’s preliminary view? Why or why not? If you do not agree, what alternative(s) do you suggest, and why?

(b) Can you provide any examples of specific scenarios, other than those currently included in IFRS Standards (see paragraphs 4.3–4.4), for which you think an entity should or should not be able to provide information necessary to comply with IFRS Standards outside the financial statements? Why? Would those scenarios meet the criteria in paragraphs 4.9(a)–(c)?

From a preparer’s point of view, we agree with the IASB’s proposal to allow cross-referencing. Cross-referencing within an entity’s annual report could help reduce redundancies and decrease the volume of annual reports. In order to avoid that cross-referencing could make the financial statements fragmented and result in dispersed information for users, the IASB should discuss whether a kind of limitation for the use of cross-referencing might be helpful. However, the IASB should further discuss issues like audit matters, different legal or (local) regulatory requirements and the impact of non-IFRS information provided in the annual reports (maybe disclosed in a specific chapter) before reaching a final conclusion on cross-referencing. In addition to annual financial reporting, the IASB should also clarify requirements for interim financial reporting.

Already today some disclosure requirements can be satisfied by cross-referencing from the financial statements to some other statement, such as a management commentary or risk report (e.g. with regard to the nature and extent of risks arising from financial instruments according to IFRS 7.B6). From our point of view, several other reporting requirements as defined in German Accounting Standard 20 (management reporting) could qualify for cross-referencing, e.g. the requirements regarding financial risk management.

<u>Question 6:</u>

The Board's preliminary view is that a general disclosure standard:

- ***should not prohibit an entity from including information in its financial statements that it has identified as 'non-IFRS information', or by a similar labelling, to distinguish it from information necessary to comply with IFRS Standards; but***

  should include requirements about how an entity provides such information as described in paragraphs 4.38(a)–(c).

Do you agree with the Board's preliminary view? Why or why not? If you do not agree, what alternative(s) do you suggest, and why?

When talking about non-IFRS information, it has to be distinguished between additional stand-alone data like the number of employees and alternative measures like an adjusted EBIT. Additional stand-alone information – even if required mandatorily by national law or regulators – ought not to be able to impair clarity or reduce comparability of the financial statements. Preparers of financial statements should not be forced to explicitly identify that kind of information as non-IFRS data, include it in a list of such information or explain its usefulness.

With regard to other kinds of non-IFRS information (e.g. alternative performance measures) we agree with the proposal to principally allow such kind of information to be included in the financial statements. However, if such information leads to a severe decrease in understandability of the financial statements (e.g. as it is in contradiction to IFRS data), an entity should not be allowed to include that information in its financial statements or disclose it only in a specific chapter explicitly named e.g. 'Local regulatory requirements'.

<u>Question 7:</u>

The Board did not discuss whether any specific information – for example, information that is inconsistent with IFRS Standards – should be required to be identified as described in paragraphs 4.38(a)–(c) or should be prohibited from being included in the financial statements.

Do you think the Board should prohibit the inclusion of any specific types of additional information in the financial statements? If so, which additional information, and why?

If non-IFRS information leads to a severe decrease in understandability of the financial statements, an entity should not be allowed to include that information in its financial statements or has to be disclosed only in a specific chapter explicitly so-named.

Question 8:

The Board's preliminary views are that it should:

- ***clarify that the following subtotals in the statement(s) of financial performance comply with IFRS Standards if such subtotals are presented in accordance with paragraphs 85–85B of IAS 1:***
  - ***the presentation of an EBITDA subtotal if an entity uses the nature of expense method; and***
  - ***the presentation of an EBIT subtotal under both a nature of expense method and a function of expense method.***
- ***develop definitions of, and requirements for, the presentation of unusual or infrequently occurring items in the statement(s) of financial performance, as described in paragraphs 5.26–5.28.***

(a) Do you agree with the Board's preliminary views? Why or why not? If you do not agree, what alternative action do you suggest, and why?

(b) Should the Board prohibit the use of other terms to describe unusual and infrequently occurring items, for example, those discussed in paragraph 5.27?

(c) Are there any other issues or requirements that the Board should consider in addition to those stated in paragraph 5.28 when developing requirements for the presentation of unusual or infrequently occurring items in the statement(s) of financial performance?

The feedback on Question 8 will be considered as part of the Board's Primary Financial Statements project.

(a) We think that the requirements as set out in IAS 1.85A-B are sufficient as they require subtotals to be reconcilable to the line items presented in the primary financial statements. However, as certain parties such as some regulators already provide partial guidance on related issues (e.g. the ESMA Guideline on Alternative Performance Measures) the IASB should take such guidance into account when developing its final views. This does not mean to purely implement these guidance into IFRS but rather to make sure there is no contradiction in the disclosure requirements of identical or at least similar topics.

From a conceptual point of view, we agree with the IASB's preliminary view that the presentation of EBIT as a subtotal is possible under the nature of expense as well as under the function of expense method. However, we do not agree that EBITDA can only be presented using the nature of expense method. In practice, depreciation and amortization sometimes are presented using "there-of"-notes. As a consequence, EBITDA could also be presented under the function of expense method.

(b) The IASB should not prohibit terms used to describe unusual and infrequently occurring items. In practice, such terms would then be substituted by others. The

IASB should rather require preparers to explain such terms (and the corresponding facts and circumstances) that are not clear or could be misleading (e.g. an entity could be required to explain why a special adjustment is made).

Question 9:

The Board's preliminary view is that a general disclosure standard should describe how performance measures can be fairly presented in financial statements, as described in paragraph 5.34.

Do you agree with the Board's preliminary view? Why or why not? If you do not agree, what alternative action do you suggest, and why?

We principally agree with the IASB's preliminary view that general disclosure principles should provide guidance on how performance measures can be fairly presented. Nevertheless, we find it difficult to assess whether a performance measure is presented with more or less prominence than a line item. The question of how to arrange, structure or format information is highly subjective and therefore rather a matter of taste and cultural background. Hence, we would suggest clarifying the requirements in par. 5.34 (a) of the discussion paper.

Question 10:

The Board's preliminary views are that:

- ***a general disclosure standard should include requirements on determining which accounting policies to disclose as described in paragraph 6.16; and***

- ***the following guidance on the location of accounting policy disclosures should be included either in a general disclosure standard or in non-mandatory guidance (or in a combination of both):***
  - ***the alternatives for locating accounting policy disclosures, as described in paragraphs 6.22–6.24;***
  - ***and the presumption that entities disclose information about significant judgements and assumptions adjacent to disclosures about related accounting policies, unless another organisation is more appropriate.***

(a) Do you agree with the Board's preliminary view that a general disclosure standard should include requirements on determining which accounting policies to disclose as described in paragraph 6.16? Why or why not? If you do not agree, what alternative proposal(s) do you suggest, and why?

(b) Do you agree with the Board's preliminary view on developing guidance on the location of accounting policy disclosures? Why or why not? Do you think this guidance should be included in a general disclosure standard or non-mandatory guidance (or in a combination of both)? Why?

If you support the issuance of non-mandatory guidance in Question 10(b), please specify the form of non-mandatory guidance you suggest (listed in paragraphs 2.13(a)–(c)) and give your reasoning.

We agree that guidance on disclosure of accounting policies is important for the understanding of financial statements. However, we believe that current requirements as set out in IAS 1.117 (b) are sufficient as they already focus on the relevance of such disclosure to an understanding of the financial statements. If the IASB should retain its preliminary view and add new guidance on disclosure of accounting policies, the Board should bear in mind that materiality issues always ought to be considered when assessing whether to disclose information on accounting policies, even if classified as category A or B according to the discussion paper.

Moreover, the IASB should not over-regulate the form and location of disclosures on accounting policies. We have a slight preference for collecting all disclosures on accounting policies in a single note (at the beginning of the notes) instead of allocating them to each and every specific note. However, once again we think that the question of how and where to locate such information is a matter of taste.

Question 11:

The Board's preliminary view is that it should develop a central set of disclosure objectives (centralised disclosure objectives) that consider the objective of financial statements and the role of the notes.

Centralised disclosure objectives could be used by the Board as a basis for developing disclosure objectives and requirements in Standards that are more unified and better linked to the overall objective of financial statements.

Do you agree that the Board should develop centralised disclosure objectives? Why or why not? If you do not agree, what alternative do you suggest, and why?

We principally agree with the proposal to develop a centralized set of disclosure objectives. However, form and location of such objectives should depend on the general decision on how to address disclosure issues (separate disclosure standard, amendments to IAS 1, disclosure principles on standard-level). As already mentioned before, we recommend a separate disclosure standard. From a conceptual point of view, the IASB could even think about adding such general disclosure objectives to the Conceptual Framework as the purpose of the Framework is to assist the Board in the development of future IFRS and in its review of existing IFRS. Those disclosure objectives could then be an adequate conceptual basis for a comprehensive review of existing disclosure requirements on standard-level. In this case the general objectives in the Conceptual Framework should also be transferred literally into the disclosure standard to avoid misunderstandings and contradictions. That could also make sure these principles are part of the IFRSs forthcomingly endorsed and accepted by the European Commission unlike the Conceptual Framework itself.

<u>Question 12:</u>

The Board has identified, but not formed any preliminary views about, the following two methods that could be used for developing centralised disclosure objectives and therefore used as the basis for developing and organising disclosure objectives and requirements in Standards:

- ***focusing on the different types of information disclosed about an entity's assets, liabilities, equity, income and expenses (Method A); or***
- ***focusing on information about an entity's activities to better reflect how users commonly assess the prospects for future net cash inflows to an entity and management's stewardship of that entity's resources (Method B).***

(a) Which of these methods do you support, and why?

(b) Can you think of any other methods that could be used? If you support a different method, please describe your method and explain why you think it might be preferable to the methods described in this section.

Methods A and B are in the early stages of development and have not been discussed in detail by the Board. We will consider the feedback received on this Discussion Paper about how centralised disclosure objectives might best be developed before developing them further.

We prefer method A. This is due to the fact that most entities applying IFRS today are multinational groups working in different industries and performing a large number of different activities. If notes disclosures would be developed considering the activities of an entity this might lead to a severe increase in complexity and unforeseeable consequences for preparers of financial statements.

Question 13:

Do you think that the Board should consider locating all disclosure objectives and requirements in IFRS Standards within a single Standard, or set of Standards, for disclosures? Why or why not?

As already pointed out in our answer to question 11, the IASB should think about adding such disclosure objectives to the Conceptual Framework as the purpose of the Framework is to assist the Board in the development of future IFRS and in its review of existing IFRS. Those disclosure objectives could then even be an adequate conceptual basis for a comprehensive review of existing disclosure requirements on standard-level. Disclosure requirements themselves should be defined on standard-level and all located within one single standard for disclosures.

Question 14:

This section describes an approach that has been suggested by the NZASB staff for drafting disclosure objectives and requirements in IFRS Standards.

- ***(a) Do you have any comments on the NZASB staff's approach to drafting disclosure objectives and requirements in IFRS Standards described in this section (the main features of the approach are summarised in paragraph 8.2 of this section)?***
- ***(b) Do you think that the development of such an approach would encourage more effective disclosures?***
- ***(c) Do you think the Board should consider the NZASB staff's approach (or aspects of the approach) in its Standards-level Review of Disclosures project? Why or why not?***

Note that the Board is seeking feedback on the NZASB staff's overall approach, rather than feedback on the detailed drafting of the paragraphs on the use of judgement in the NZASB staff's example 1 or the detailed drafting of the specific disclosure requirements and objectives included in the NZASB staff's examples 2 and 3. In addition, the Board is not seeking feedback on where specific disclosure objectives and requirements should be located in IFRS Standards (except as specifically requested in Question 13).

With regard to disclosure objectives, NZASB's approach suggesting overall disclosure objectives for single standards and even more specific disclosure subobjectives for each type of information required seems to be quite complex and therefore could lead to problems applying that concept.

However, with regard to disclosure requirements we have sympathy for the two tiers of disclosure requirements as suggested by NZASB. The approach should provide entities with some flexibility to exercise judgement about what information (in addition to a manageable volume of tier 1 disclosures) is needed to meet the overall disclosure objectives. The implementation of a concept of “relative importance” seems to be worth further discussions.

<u>Question 15:</u>

Some stakeholders say that the way that disclosures are drafted in IFRS Standards might contribute to the ‘disclosure problem’, as described in Section 1. Some cite in particular the absence of clear disclosure objectives and the presence of long lists of prescriptively written disclosure requirements in Standards (see paragraph 8.4).

Nevertheless, other stakeholders observe that specific disclosure requirements might be simpler to use than applying judgement when determining how to meet disclosure objectives.

Do you think the way the Board currently drafts IFRS Standards contributes to the disclosure problem? Please give your reasoning. If you think the current drafting contributes to the disclosure problem, please provide examples of where drafting in Standards could be improved and why.

In recent years we observed a permanent increase in notes disclosures as the board added disclosure requirements with every project and standard finalized. We understand the Board´s objective to provide decision-useful information to the users of financial statements. However, we do not think that expanding disclosure requirements itself will help fulfilling that objective. Most commonly, disclosure requirements are determined to fix the conceptual shortcomings of the standards and rather lead to an information overload on the user-side than to an increase in decision-usefulness. We believe that a narrow set of disclosure principles (based on clear disclosure objectives) and a single standard on notes disclosures might help reduce redundancies, avoid contradictions and decrease the volume of notes disclosures.