

Project	Primary Financial Statements	
Paper topic	Feedback summary—Overview	
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Objective

1. This paper:
 - (a) summarises key messages from the feedback received; and
 - (b) provides an overview of the comment letters received, fieldwork and other outreach undertaken during the comment period for the Exposure Draft *General Presentation and Disclosures* (the Exposure Draft).
2. Agenda Papers 21B– 21J provide a summary of the feedback received from all respondents on topics covered by the Exposure Draft. Agenda Paper 21K provides a summary of feedback from users of financial statements and Agenda Paper 21L reviews academic and other literature relevant to the proposals.
3. During the Board meeting, we will discuss each Agenda Paper in turn. We are not asking the Board to make decisions during this meeting. However, in each paper, we ask Board members to comment on any feedback that was unclear, that provides new information, or that needs further research.
4. At the next Board meeting, we will discuss a plan for redeliberating the project proposals.

Structure of the paper

5. This paper is structured as follows:
 - (a) Background (paragraphs 6–8);
 - (b) Summary of key messages (paragraphs 9–13);
 - (c) Sources of feedback and methodology (paragraphs 14–38):
 - (i) Comment letters received (paragraphs 15–17);
 - (ii) Outreach activities (paragraphs 18–22);
 - (iii) Fieldwork (paragraphs 23–35); and
 - (iv) Review of academic literature (paragraphs 36–38); and
 - (d) List of papers for this meeting, including the approach to quantifying the feedback (paragraphs 39–43).

Background

6. In December 2019 the Board published the Exposure Draft *General Presentation and Disclosures*, which sets out proposals to improve how information is communicated in the financial statements, with a focus on information in the statement of profit or loss.
7. The Board undertook this project in response to investors' concerns about the comparability and transparency of entities' performance reporting. Because the project is intended to focus on investors' needs, we thought it would be helpful to present a separate summary of user feedback (Agenda Paper 21K), as well as include their feedback in the papers on specific topics (Agenda Papers 21B–21L).
8. In the Exposure Draft the Board proposes:
 - (a) new subtotals in the statement of profit or loss. These subtotals would provide relevant information and create a consistent structure to the statement of profit or loss, thereby improving comparability between entities. These proposals would also require entities to present information about integral associates and joint ventures separately from non-integral associates and joint ventures.

- (b) improved requirements for disaggregation to help an entity provide relevant information including:
 - (i) disaggregation principles;
 - (ii) disaggregation of operating expenses either by nature or by function in the statement of profit or loss;
 - (iii) a requirement for disaggregation of large 'other' balances;
 - (iv) a requirement to disaggregate information about unusual income and expenses; and
 - (v) additional minimum line items in the primary financial statements.
- (c) requirements for disclosure of some management-defined performance measures—that is, performance measures not specified by IFRS Standards.
- (d) limited changes to the statement of cash flows to improve consistency in classification of cash flows.

Summary of key messages

9. The proposals in the Exposure Draft have been generally well-received by respondents, in particular by users of financial statements who have expressed strong agreement with the project objectives and the specific proposals.
10. Across all respondents, there is general agreement with the proposals for categories and subtotals in the statement of profit or loss, and the proposals for management performance measures. Entities that participated in fieldwork (see paragraphs 23–35) relating to these proposals were able to apply these proposals without significant challenges. However, many respondents suggested to expand the scope of proposals for management performance measure to include more non-GAAP measures
11. While respondents generally expressed agreement with the objectives of the proposals for improved requirements on disaggregation relating to principles and unusual income and expenses, many raised concerns about aspects of the proposals including the proposed definition of unusual income and expenses. The preparers that participated in the fieldwork found they could apply these proposals, but raised

application questions relating to unusual income and expenses, and found that the general proposals for disaggregation had little effect on the information they included in the financial statements.

12. Respondents expressed mixed views on the proposals relating to integral and non-integral associates and joint ventures, and proposal for analysing operating expenses by nature and by function. In relation to both sets of proposals, respondents commented on both conceptual and operational challenges. Fieldwork participants found these proposals difficult to apply.
13. Each of the Agenda Papers discussed at this meeting includes key messages for the topic covered in the paper.

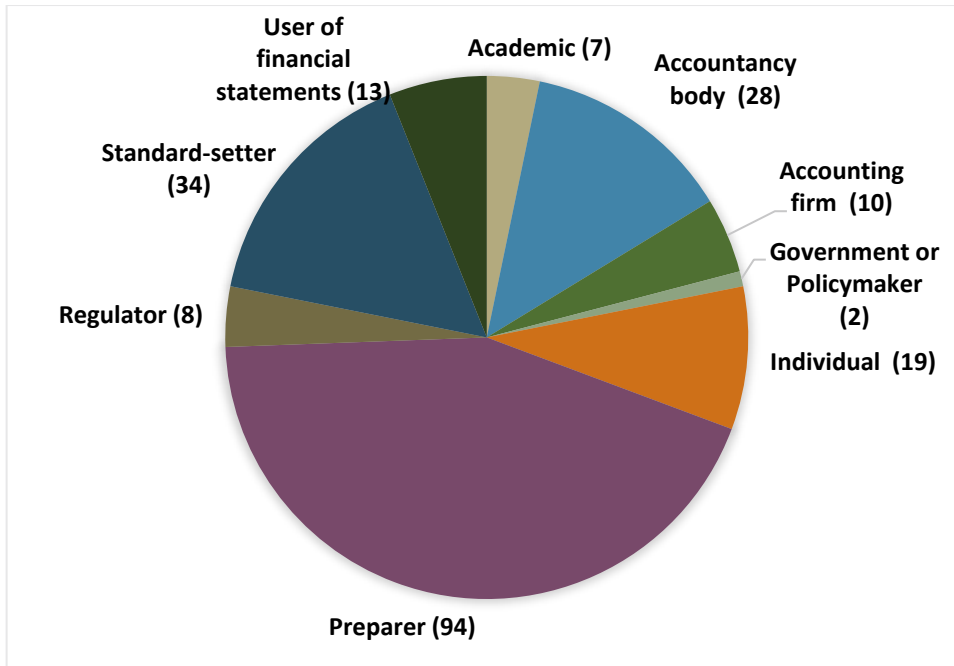
Sources of feedback

14. The following sections describe the sources of feedback used in preparing the summary of feedback on the ED:
 - (a) comment letters;
 - (b) outreach;
 - (c) fieldwork; and
 - (d) academic literature.

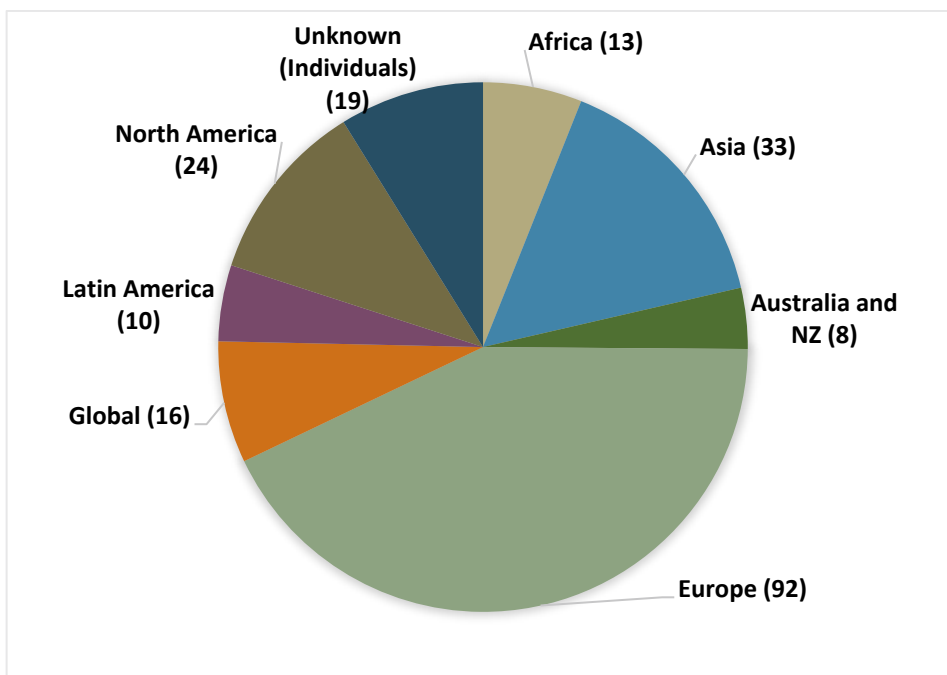
Comment letters

15. When published, the Exposure Draft had a comment deadline of 30 June 2020. Due to the covid19 pandemic, the Board extended the comment period until 30 September 2020. As of 1 December 2020 we have received 215 comment letters, including 13 letters from users of financial statements.

16. Analysis of comment letters by stakeholder type is as follows:



17. Analysis of comment letters by region is as follows:



Outreach

18. We conducted extensive outreach during the consultation period. Due to the pandemic, most of this outreach was conducted online. This, together with the extended comment period, allowed us to hold more outreach events than would typically have been the case.
19. Overall, in the period between January 2020 and October 2020, Board members and staff participated in 139 events with stakeholders from over 20 jurisdictions. These included:
 - (a) eighty-four virtual and face-to-face meetings with individual stakeholders or stakeholder groups. Some were hosted by the staff; others were hosted by stakeholders with Board members and the staff participating in the meeting.
 - (b) twenty-one webinars organised by the staff and Board members, in six different languages. Between 40-150 participants typically attended each of these live webinars and recordings were made available subsequently.
 - (c) thirty-four webinars, conferences and roundtables organised in cooperation with other stakeholders, mostly standard-setters or user organisations. These were typically attended live by between 40-150 participants, but in a few events there were in excess of 1,000 stakeholders participating. Recordings of many of these events were also made available to stakeholders after the event.
20. We met with all major stakeholder groups across all regions. Because users of financial statements do not typically write comment letters, our outreach activities had a particular focus on users, and included 32 meetings with users and five user focussed webinars. Agenda paper 21K summarises the outreach we conducted with users.
21. We also met with the Board's advisory bodies:
 - (a) Capital Markets Advisory Committee (GPF);
 - (b) Global Preparers Forum (CMAC);
 - (c) Joint meeting of CMAC and GPF;
 - (d) Accounting Standards Advisory Forum; and

- (e) Emerging Economies Group.
22. The staff thinks the extensive outreach effort has helped stakeholders prepare comprehensive and informed comment letter responses, as evidenced by references to particular outreach events in some comment letters.

Fieldwork

23. During the comment period, the staff conducted fieldwork to provide the Board with evidence about:
- (a) how entities would interpret the requirements proposed in the Exposure Draft;
 - (b) aspects of the Exposure Draft which may be unclear; and
 - (c) the extent of process or systems changes that may be required to apply the requirements proposed in the Exposure Draft.
24. This section describes:
- (a) how the fieldwork participants were selected (see paragraphs 25–27); and
 - (b) what fieldwork participants were asked to do (see paragraphs 28–34)
25. We discuss fieldwork results relevant to the topics discussed in separate sections of each of the Agenda Papers 21B–21I.

How were fieldwork participants selected?

26. The staff identified fieldwork participants by:
- (a) inviting members of the Global Preparers Forum consultative group to participate;
 - (b) inviting members of the Accounting Standards Advisory Forum to assist in identifying possible fieldwork participants;
 - (c) posting a notice on our public website; and
 - (d) reaching out to specific industry groups to ensure we had a varied industry representation.
27. The staff undertook fieldwork with 50 participants from the following regions:

- (a) Europe (27);
 - (b) Asia (16);
 - (c) North America (4); and
 - (c) Latin America (3).
28. There were no participants from Africa, Australia or New Zealand (two companies from these regions volunteered initially but were unable to participate due to pressures related to the covid-19 pandemic).

What were participants asked to do?

29. This section describes the methodology used for the fieldwork conducted by the staff or by the staff in partnership with national standard setters.
30. In addition to participating in our fieldwork, EFRAG asked participants from the European Union to complete a questionnaire and participate in workshops to discuss the results of our fieldwork as well as EFRAG's questionnaire (the staff and Board members also participated in those workshops). The report outlining EFRAG's methodology and findings is available from www.efrag.org
31. Our fieldwork participants were asked to:
- (a) recast the most recently published statements of profit or loss and of cash flows to reflect the proposals in the Exposure Draft;
 - (b) provide selected note disclosures affected by the proposals, comprised of notes for:
 - (i) management performance measures;
 - (ii) unusual income and expenses;
 - (iii) interests in other entities (if the entity had associates and joint ventures accounted for using the equity method);
 - (iv) analysis of expenses by nature (if the entity presented an analysis of expenses by function in the statement of profit or loss); and
 - (v) any other note disclosure significantly affected by the proposals; and

- (c) complete a questionnaire covering the recasting process including questions regarding the application of the following specific aspects of the proposals:
 - (i) classification of income and expenses;
 - (ii) integral and non-integral associates and joint ventures;
 - (iii) analysis of operating expenses;
 - (iv) unusual income and expenses;
 - (v) management performance measures; and
 - (vi) aggregation and disaggregation.

- 32. The questionnaire sought to meet the objectives of the fieldwork (see paragraph 25) by asking the following questions regarding each aspect of the proposals:
 - (a) were the proposed requirements clear?
 - (b) were any significant judgements required to apply the proposals?
 - (c) was all of the information required to apply the proposals available?
 - (d) what, if anything, would need to change in current systems or processes to obtain the required information on an ongoing basis?

- 33. Additional questions were asked to help us understand the extent and effectiveness of cost reliefs included in the exposure draft and to give participants the opportunity to raise any additional observations not specifically asked.

- 34. The fieldwork steps were as follows:
 - (a) February 2020—circulation of the fieldwork instructions and questionnaires;
 - (b) March to May 2020—conference calls with participants to clarify fieldwork process;
 - (c) May to October 2020—ongoing discussions with participants to clarify aspects of the fieldwork as needed; and
 - (d) August to October 2020—receipt of fieldwork responses, analysis and follow up conference calls as needed.

35. Some fieldwork participants provided partial responses to the fieldwork requests because of resource constraints.

Academic literature

36. We have researched evidence from academic papers on topics relevant to the questions in the Exposure Draft. The literature review is based on published and working papers, located via Google Scholar, Social Science Research Network (SSRN) and other databases of academic studies.
37. The literature review includes papers sent from academics who participated in staff's academic outreach workshops with the Academic Advisory Committee of the Canadian Accounting Standards Board, the Australian Accounting Standards Board, the EFRAG Academic Panel, and the European Accounting Association (EAA). It also includes relevant papers from academic comment letters received from the American Accounting Association (AAA), the University of Brasilia, University of Sao Paulo, and the University of Technology Sydney.
38. The literature review is in Agenda Paper 21L which is organised in ten sections, one for each question in the Exposure Draft, with the exception of questions 2, 3, 4 and 5 which are combined in one section).

List of papers for this meeting

39. The following papers provide a summary of the feedback received on each topic covered by the Exposure Draft.
- (a) AP 21B Feedback summary—Subtotals and categories—general model;
 - (b) AP 21C Feedback summary—Subtotals and categories—entities with particular main business activities;
 - (c) AP 21D Feedback summary—Subtotals and categories—integral and non-integral associates and joint ventures;
 - (d) AP 21E Feedback summary—Disaggregation—general proposals and minimum line items;

- (e) AP 21F Feedback summary—Disaggregation—analysis of operating expenses;
- (f) AP 21G Feedback summary—Disaggregation—unusual income and expenses;
- (g) AP 21H Feedback summary—Management performance measures;
- (h) AP 21I Feedback summary—Statement of cash flows;
- (i) AP 21J Feedback summary—Other topics;
- (j) AP 21K Feedback summary—Comment letters and outreach with users of financial statements; and
- (k) AP 21L Literature Review.

How we quantified the feedback

40. The papers 21B-21K use the following terms to describe the extent to which particular feedback was provided by respondents:

Term	Extent of response among respondents
Almost all	All except a very small minority
Most	A large majority, with more than a few exceptions
Many	A small majority or large minority
Some	A small minority, but more than a few
A few	A very small minority

- 41. By respondents, we mean stakeholders who sent us comments letters and stakeholders who engaged in outreach activities. By participants, we meant companies who participated in the fieldwork.
- 42. Respondents did not always comment on every area of the Exposure Draft. Consequently, we have used the terms listed in paragraph 40 to describe the proportion of the respondents that commented on a particular topic. This is not necessarily a proportion of all respondents. We have indicated in the papers when relatively few respondents commented on a particular topic.

43. Throughout Agenda Papers 21B – 21K, we have identified areas for which we received different messages from individual stakeholder groups or from specific geographies. Where we have not identified particular stakeholder groups or geographies, this means we received similar feedback from all respondents.

Question for the Board

Does the Board have any questions or comments on this overview?

