

Exposure Draft and comment letters IASB, 2019a

– General Presentations

Disclosures (Primary Financial Statements)

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CONSULTATION

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The International Accounting Standards Board (Board) has proposed improvements to the way information is communicated in the financial statements, with a focus on financial performance. Responding to investor demand, the proposals would require more comparable information in the statement of profit or loss and a more disciplined and transparent approach to the reporting of management-defined performance measures ('non-GAAP').

The Board developed these proposals as part of its Primary Financial Statements project and wider work on 'Better Communication in Financial Reporting'. The proposals cover three main topics.

New subtotals in the statement of profit or loss

Companies would be required to provide three new profit subtotals, including 'operating profit'. Operating profit is commonly reported by companies but is currently not defined by IFRS Standards, making meaningful comparisons between companies difficult. The new subtotals would give better structure to the information and enable investors to compare companies.

'Non-GAAP' transparency

Companies would be required to disclose management performance measures—subtotals of income and expenses that are not specified in IFRS Standards—in a single note to the financial statements. In this note, companies would be required to explain why the measures provide useful information, how they are calculated and to provide a reconciliation to the most

comparable profit subtotal specified by IFRS Standards. These requirements would add much-needed transparency and discipline to the use of non-GAAP measures and make it easier for investors to find the information they need to make their own analyses.

Improved disaggregation of information

Investors sometimes find it difficult to unpick a company's reported information because items may be lumped together with insufficient labelling or explanations. Therefore, the Board has proposed new guidance to help companies disaggregate information in the most useful way for investors. Companies would also be required to provide better analysis of their operating expenses and to identify and explain in the notes any unusual income or expenses, using the Board's definition of 'unusual'. These requirements would help investors analyse companies' earnings and forecast future cash flows.

The proposals would result in a new IFRS[®] Standard that sets out general presentation and disclosure requirements relevant for all companies, replacing IAS 1 *Presentation of Financial Statements*. The Board is also proposing to amend some other IFRS Standards.

Access the Exposure Draft below. The comment letter period is open until **30 June 2020**.

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Document Title

Exposure Draft: General Presentation and Disclosures

Exposé-sondage: Dispositions générales en matière de présentation et d'informations à fournir

Proyecto de Norma: Presentación General e Información a Revelar

公開草案: 全般的な表示及び開示

Exposure Draft: General Presentation and Disclosures: Basis for Conclusions

Exposé-sondage: Dispositions générales en matière de présentation et d'informations à fournir: Base des conclusions

公開草案: 結論の根拠

Exposure Draft: General Presentation and Disclosures: Illustrative Examples

Exposé-sondage: Dispositions générales en matière de présentation et d'informations à fournir: Exemples illustratifs

Proyecto de Norma: Presentación General e Información a Revelar: Ejemplos Ilustrativos

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