



香港華人會計師公會
The Society of Chinese Accountants & Auditors



2 September 2020

The Chairman
Financial Reporting Standard Committee
Hong Kong Institute of Certified Public Accountants
37th Floor, Wu Chung House
213 Queen's Road East
Wanchai
Hong Kong

Dear Sir,

Invitation to comment on IASB Exposure Draft ED/2019/7
General Presentation and Disclosures

We, The Society of Chinese Accountants and Auditors ('SCAA') and Accountancy Caring Alliance ('ACA'), would like to provide our views on the captioned subject which are based on the feedbacks of questionnaires from participants of a forum that was jointly held by us on 28 August 2020 as follows:

Q1 Do you agree with the proposal of the Exposure Draft "General Presentation and Disclosures" (ED) published by the International Accounting Standards Board (IASB or Board) in December 2019 that all entities present in the statement of profit or loss a subtotal for operating profit or loss? (ED.60(a) and BC53)

We received around 86% (98 out of 113) of the responded feedback on agreeing with the above proposal.

Q1a If not agree, any suggested alternative approach?

Please refer to the questionnaire summary as attached in Appendix 1.



Q2 Do you agree with the ED proposal that entities classify in the operating category all income and expenses not classified in the other categories, such as the investing category or the financing category? (Refer to ED.46 and BC54–BC57)

We received around 83% (95 out of 114) of the responded feedback on agreeing on classifying in the operating category all income and expenses not classified in the other categories.

Q2a If not agree, any suggested alternative approach?

Please refer to the questionnaire summary as attached in Appendix 1.

Q3 Do you agree with the ED proposal that an entity classifies in the operating category income and expenses from investments made in the course of the entity's main business activities? (Refer to ED.48 and BC58–BC61)

We received around 84% (95 out of 113) of the responded feedback on agreeing on classification in the operating category income and expenses from investments made in the course of the entity's main business activities.

Q3a If not agree, any suggested alternative approach?

Please refer to the questionnaire summary as attached in Appendix 1.

Q4 Do you agree with the ED proposal that an entity that provides financing to customers as a main business activity classify in the operating category either: income and expenses from financing activities, and from cash and cash equivalents, that relate to the provision of financing to customers; or all income and expenses from financing activities and all income and expenses from cash and cash equivalents? (Refer to ED.51 and BC62–BC69)

We received around 80% (89 out of 111) of the responded feedback on agreeing with the above proposal.



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Q4a If not agree, any suggested alternative approach?

Please refer to the questionnaire summary as attached in Appendix 1.

Q5 Do you agree with the ED proposal that an entity classifies in the investing category income and expenses (including related incremental expenses) from assets that generate a return individually and largely independently of other resources held by the entity, unless they are investments made in the course of the entity's main business activities? (Refer to ED. 47–48 and BC48–BC52)

We received around 83% (94 out of 113) of the responded feedback on agreeing with the above proposal.

Q5a If not agree, any suggested alternative approach?

Please refer to the questionnaire summary as attached in Appendix 1.

Q6 Do you agree with the ED proposals (a) that all entities, except for some specified entities, present a profit or loss before financing and income tax subtotal in the statement of profit or loss? (ED.60(c) and 64)(b) which income and expenses an entity classifies in the financing category? (Refer to ED.49 and BC33–BC45)

We received around 82% (93 out of 113) of the responded feedback on agreeing with the above proposal.

Q6a If not agree, any suggested alternative approach?

Please refer to the questionnaire summary as attached in Appendix 1.



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Q7 Do you agree with the ED proposals(a) that IFRS 12 would be amended to define ‘integral associates and joint ventures’ and ‘non-integral associates and joint ventures’; and require an entity to identify them? (IFRS 12 ED.20A–20D)(b) that an entity present in the statement of profit or loss a subtotal for operating profit or loss and income and expenses from integral associates and joint ventures? (ED.60(b))(c) that IAS 7 and IFRS 12 would be amended to require an entity to provide information about integral associates and joint ventures separately from non-integral associates and joint ventures? (Refer to ED.53, 75(a), 82(g)–82(h), BC77–BC89 and BC205–BC213, IAS 7 ED.38A and IFRS 12 ED.20E)

We received around 68% (76 out of 112) of the responded feedback on agreeing with the above proposal.

Q7a If not agree, any suggested alternative approach?

Please refer to the questionnaire summary as attached in Appendix 1.

Q8 Do you agree with the ED proposals that (a) set out the proposed description of the roles of the primary financial statements and the notes? (b) set out principles and general requirements on the aggregation and disaggregation of information? (Refer to ED.20–21, 25–28 and BC19–BC27)

We received around 79% (90 out of 114) of the responded feedback on agreeing with the above proposal.

Q8a If not agree, any suggested alternative approach?

Please refer to the questionnaire summary as attached in Appendix 1.



Q9 Do you agree with the ED proposals to have requirements and application guidance to help an entity to decide whether to present its operating expenses using the nature of expense method or the function of expense method of analysis? And requiring an entity (that provides an analysis of its operating expenses by function in the statement of profit or loss) to provide an analysis using the nature of expense method in the notes? (Refer to ED.68, 72, B45 and BC109–BC114)

We received around 65 % (74 out of 113) of the responded feedback on agreeing with the above proposal.

Q9a If not agree, any suggested alternative approach?

Please refer to the questionnaire summary as attached in Appendix 1.

Q10 Do you agree with the ED proposals (a) to introduce a definition of ‘unusual income and expenses’? (ED.100)(b) to require all entities to disclose unusual income and expenses in a single note? (ED.101)(c) to have application guidance to help an entity to identify its unusual income and expenses? (Refer to ED.B67–B75)(d) what information should be disclosed relating to unusual income and expenses? (Refer to ED. 101(a)–101(d) and BC122–BC144)

We received around 64 % (72 out of 112) of the responded feedback on agreeing with the above proposal.

Q10a If not agree, any suggested alternative approach?

Please refer to the questionnaire summary as attached in Appendix 1.



Q11 (a) ED.103 proposes a definition of ‘management performance measures’. (b) ED.106 proposes requiring an entity to disclose in a single note information about its management performance measures. (c) ED.106(a)–106(d) propose what information an entity would be required to disclose about its management performance measures. (ED.BC145–BC180 describe the reasons for the proposals and discuss approaches that were considered but rejected) Do you agree that information about management performance measures as defined by the Board should be included in the financial statements?

We received around 70% (78 out of 112) of the responded feedback on agreeing with the above proposal.

Q11a Do you agree with the proposed disclosure requirements for management performance measures?

We received around 72% (77 out of 107) of the responded feedback on agreeing with the above proposal.

Q11b If not agree, any suggested alternative approach?

Please refer to the questionnaire summary as attached in Appendix 1.

Q12 ED.BC172–BC173 explain why the IASB has not proposed requirements relating to EBITDA. Do you agree?

We received around 81% (89 out of 110) of the responded feedback on agreeing on the explanation about why the IASB has not proposed requirements relating to EBITDA.

Q12a If not agree, any suggested alternative approach?

Please refer to the questionnaire summary as attached in Appendix 1.



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Q13 Do you agree with the ED proposals that(a) IAS 7 ED.18(B) would be amended to require operating profit or loss to be the starting point for the indirect method of reporting cash flows from operating activities? (Refer to IAS 7ED.18(b))(b) IAS 7 ED.33A and 34A–34D would be amended to specify the classification of interest and dividend cash flows? (ED.BC185–BC208 describe the reasons for the proposals and discusses approaches that were considered but rejected)

We received around 75% (82 out of 109) of the responded feedback on agreeing with the above proposal.

Q13a If not agree, any suggested alternative approach?

Please refer to the questionnaire summary as attached in Appendix 1.

Q14 Do you have any other comments on the ED proposals, including the analysis of the effects (Refer to ED.BC232–BC312, including Appendix) and ED Illustrative Examples?

Please refer to the questionnaire summary as attached in Appendix 1.

A detailed summary of the feedback on questionnaires of the forum participants is attached in Appendix 1 for your kind reference.

SCAA is an incorporated body of professional accountants in Hong Kong established since 1913. There were less than a hundred members 50 years ago and about half thousand members 10 years ago. Nowadays, SCAA has over 1,000 ordinary members who are practicing accountants and representing a significant number of practicing firms of accountants, most of which are small and medium sized, in Hong Kong.



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ACA has been launched by Accounting Development Foundation during the Coronavirus outbreak and has got supports from over 100 accountants and accountancy entities, including The Society of Chinese Accountants and Auditors, Hong Kong Business Accountants Association, and Finance and Accounting Professional Committee of The Hong Kong Chinese Enterprise Association. ACA works together with the accounting profession and aims at projecting positive attitude and energy into the profession and the community through various activities and voluntary work, and actively supporting and voicing out for the basic level and disadvantaged groups.

Should you wish to further discuss the issues in more details, please do not hesitate to contact SCAA at 2869 6680 or ACA at 2811 8776.

Yours faithfully,

Lam Chi Yuen, Nelson
Executive Chairman
Accountancy Caring Alliance

Wong Chun Sek, Edmund
President
The Society of Chinese Accountants & Auditors