

23 March 2020

International Accounting Standards Board  
Columbus Building  
7 Westferry Circus  
Canary Wharf  
London E14 4HD  
United Kingdom

Dear Sir,

**COMMENTS ON THE INTERNATIONAL ACCOUNTING STANDARDS BOARD'S EXPOSURE DRAFT ED/2019/7**

We would like to take this opportunity to comment on Exposure Draft (ED) ED/2019/7 *General Presentation and Disclosures* issued by the International Accounting Standards Board (IASB).

Introduction of defined subtotals and categories in the Statement of Profit or Loss (P&L)

2. We welcome the proposal to introduce defined subtotals and categories in the Statement of P&L. We agree that this will achieve a P&L structure that is more comparable across entities.
3. However, we are of the view that the introduction of categories in the Statement of P&L without trying to align classifications across the primary financial statements may result in inconsistencies in classifications across the primary financial statements. Such inconsistencies may be confusing to financial statement users e.g. interest revenue from cash and cash equivalents is classified in the "financing" category in the Statement of P&L, but classified under cash flows from "investing" activities in the Statement of Cash Flows.
4. The ED also proposes that "operating profit or loss" be defined as a default category. We think that defining "operating profit or loss" as a default category may not be appropriate, as not all income and expenditure which are not classified

in the investing, financing, integral associates and joint ventures, income taxes or discontinued operations categories arise from an entity's main business activities.

5. On the proposal to classify associates and joint ventures as integral or non-integral, the IASB may wish to provide illustrative examples on how entities can apply the proposed indicators (listed in paragraph 20D of the proposed amendments to IFRS 12) to determine the appropriate classification.

#### Introduction of targeted improvements to the statement of cash flows

6. While we agree that the proposal to eliminate options for the classification of interest and dividend cash flows will help to enhance comparability of the statement of cash flows across entities, we do not agree with the proposal to classify all cash receipts from interest and dividends as cash flows from investing activities, as the related income may not always relate to the investing category in the Statement of P&L e.g. cash receipts from interest arising due to late payments from customers.

#### Introduction of Management Performance Measures (MPMs) and accompanying disclosures in the financial statements

7. While we welcome the proposal to require entities to disclose MPMs in the notes, we think that the IASB should include more illustrative examples on measures which are considered MPMs, so as to help entities identify whether they have MPMs which require disclosure in the financial statements.

#### Introduction of requirements to improve aggregation and disaggregation

8. We welcome the proposals to improve aggregation and disaggregation of information in the Statement of P&L and the notes. We agree that the proposals provide additional relevant information of an entity's performance to users of financial statements, and ensures that material information is not obscured.

9. We hope that our comments will contribute to the IASB's further deliberation on this ED. Should you require any clarifications, please contact the Secretariat, Advisory Committee on Accounting Standards for Statutory Boards. Thank you.



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Yours sincerely

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