

Primary Financial Statements

Project summary

The objective of this project is to make targeted improvements to the primary financial statements with a focus on the statement of financial performance. This includes:

- Introducing defined subtotals in the statement of financial performance
- Providing better information on management performance measures (ie non-GAAP information)
- Improving disaggregation in primary financial statements

The IASB issued an Exposure Draft in December 2019. Exposure Draft ED 298 *General Presentation and Disclosures* closed for comment to the AASB until 15 August 2020, and to the IASB on 30 September 2020.

The IASB will begin discussing feedback received on the Exposure Draft in December 2020.

Project contacts

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Project priority: High

Issued Documents

- [ED 298 General Presentation and Disclosures](#)

AASB Outreach

- Webinars, project advisory panel meeting, UAC meeting and targeted outreach held April 2020

Project status

- Exposure Draft feedback

Board deliberations

- AASB Action Alert Update and Board Papers

Other

- [Link to IASB Project](#)

AASB Communications

- [Submission to IASB](#)

Latest project news

Date

News

21 September 2020

[September 2020 Action Alert](#)

12 June 2020

[June 2020 Action Alert](#)

4 May 2020

[April 2020 Action Alert](#)

22 November 2019

[November 2019 Action Alert](#)

AASB Action Alert Update, Minutes and Board Papers

Meeting Date	Update
September 2020	<p>The Board approved its comment letter on. In finalising its views, the Board decided to recommend that the IASB:</p> <ul style="list-style-type: none"> • reconsider whether it is necessary to require disclosure of management performance measures (MPMs) in the financial statements or whether this could be addressed in the IASB’s project to revise the Management Commentary Practice Statement. The Board acknowledged that while users might find the proposed information useful, it is uncertain whether any incremental benefits from the disclosure would outweigh the additional costs incurred in the preparation and audit of the financial statements. However, as some entities may seek to include MPMs in the financial statements to provide users with management’s view of their financial performance, the Board recommends that the IASB permit, but not require, the disclosure of MPMs. Where MPMs are disclosed, the Board noted that they should comply with the proposed requirements (subject to some previously identified improvements), so that the disclosures are robust and auditable; • provide additional guidance to assist entities to identify their main business activities. The Board noted this would be particularly relevant for diversified groups, which have multiple main business activities, with some of those main business activities having become significant over time; • develop additional criteria to determine when it is reasonable to expect that an item of income or expense has limited predictive value and hence should be considered as an unusual item; and • clarify its intention as to whether an entity should identify a type of income as unusually low if it is expected to recur at a higher amount for several future reporting periods.’ <p>6.1 Staff Paper – Comment letters received and draft submission on IASB ED/2019/7</p> <p>6.2 Staff Paper – Draft submission to IASB</p>
June 2020	<p>The Board made preliminary decisions to provide the following feedback to the IASB’s ED/2019/7 <i>General Presentation and Disclosures</i>:</p> <ul style="list-style-type: none"> • with respect to proposals related to associates and joint ventures, a recommendation to not require entities to distinguish whether they are integral or non-integral, and instead to simply present all associates and joint ventures in a single line item below the operating category; • general support for the proposals relating to the analysis of operating expenses, but a recommendation to reconsider requirements for specified minimum line items that may result in an analysis by function becoming a mixed analysis by default; • with respect to proposals related to unusual income and expenses, general support for the principle of providing information about future cash flows, but to recommend the IASB: <ul style="list-style-type: none"> ○ permit the consideration of information about the past in making an assessment of the possible future recurrence of an item of income or expense. The Board noted that making an assessment about the future without reference to the past could be practically challenging, including for auditors; ○ to consider expanding the scope to capture unusual items that may recur in the next reporting period, but otherwise not recur in the future, such as a restructure; and ○ to require disclosure of the tax effects and impact on non-controlling interests of unusual items of income and expenses; and

AASB Action Alert Update, Minutes and Board Papers

Meeting Date	Update
	<ul style="list-style-type: none"> • with respect to proposals related to management performance measures (MPMs), to recommend making the definition of MPMs less restrictive, by removing requirements for MPMs to be faithfully representative and to complement totals or subtotals specified by IFRS Standards. <p>The Board will finalise its comments to the IASB at its September 2020 meeting, after considering any further feedback from Australian stakeholders in response to the Board’s own ED 298 <i>General Presentation and Disclosures</i>, which is open for comment until 15 August 2020.</p> <p>4.1 Staff Paper – Consider Feedback on ED 298 and decide on submissions to IASB</p>
April 2020	<p>The Board directed staff to undertake further research and consideration of the following issues, to assist in developing its comment letter on the IASB’s Exposure:</p> <ul style="list-style-type: none"> • the scope of Management Performance Measures (MPMs), in particular whether to recommend expanding the scope of MPMs to include internal performance measures used as a basis for management compensation; • challenges in auditing MPMs and their associated reconciliations; • whether to permit entities to determine their own accounting policies in respect of classifying associates and joint venture as integral or non-integral, with a requirement to disclose the judgements made in making that determination; • the appropriateness of permitting a mixed analysis by nature and function on the face of the statement of profit or loss; and • whether it is practical to disclose forward-looking information on expected items of future income or expense if recommending to permit items that may carry over more than one reporting period (such as a restructure) to be included in the definition of unusual items of income and expense. <p>4.1 Staff Paper – Consider Feedback on ED 298 and decide on submissions to IASB</p>
November 2019	<p>The Board approved the project plan for the Primary Financial Statements project.</p> <p>16.1 Staff Paper – PFS Project Plan</p>