



Tasmania

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ED 148 sub 180

DEPARTMENT of  
TREASURY and FINANCE

Mr David Boymal  
Chairman  
Australian Accounting Standards Board  
PO Box 204  
COLLINS ST WEST VIC 8007

*David*

Dear Mr Boymal

**EXPOSURE DRAFT ED 148 - PROPOSED AMENDMENTS TO AASB 101:  
PRESENTATION OF FINANCIAL STATEMENTS: A REVISED PRESENTATION**

The Heads of Treasuries Accounting and Reporting Advisory Committee (HoTARAC) welcomes the opportunity to provide a submission on ED 148 *Proposed Amendments to AASB 101 Presentation of Financial Statements: A Revised Presentation*. Detailed comments against the specific matters for comment are contained in Attachment A.

HoTARAC notes the Exposure Draft is a result of Phase A of the International Accounting Standards Board (IASB) and Financial Accounting Standards Board (FASB) joint "Financial Statement Presentation" Project, and that further changes to AASB 101 are expected as a result of the Project.

Rather than expose constituents to two sets of changes, HoTARAC believes that it would be prudent to expose proposed changes from Phase A and B together at a later date. It is understood that the FASB has decided to adopt this approach for the United States of America.

Yours sincerely

*Don Challen*

D W Challen  
**CHAIR  
HEADS OF TREASURIES ACCOUNTING AND  
REPORTING ADVISORY COMMITTEE**

30 June 2006

Encl

**HOTARAC COMMENTS ON EXPOSURE DRAFT ED 148****AASB Specific Matters for Comment**

The AASB would value comments on:

- (a) the AASB's preliminary views on:
  - (i) the Australian text that is proposed to be retained in the [revised] AASB 101, as noted in section A of this Preface;

Comments are made after each specific item in the section below.

**SECTION A. AUSTRALIAN TEXT PROPOSED TO BE RETAINED IN THE [REVISED] AASB 101*****A.1 Application and Materiality***

It is proposed to retain paragraphs Aus1.1 to Aus1.10 of the existing AASB 101 that relate to the application of the existing AASB 101 in the [revised] AASB 101. The AASB notes, however, that the existing AASB 101 applies more broadly than most other AASB Standards.

Most AASB Standards are mandatory only for reporting entities, whereas AASB 101, AASB 107 *Cash Flow Statements* and AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* apply to entities that are required to prepare financial reports in accordance with Part 2M.3 of the Corporations Act even when they are not reporting entities.

In view of the additional requirements proposed in the [revised] AASB 101 (for example, the proposal to require a third statement of financial position), some may consider it appropriate to limit the application of the [revised] AASB 101, or at least aspects of it, to reporting entities.

HoTARAC does not propose to provide comments on whether the standard should be restricted to reporting entities only. However, it notes that some public sector entities within the General Government Sector are required to report under 2M.3 of the Corporations Act. In these cases, if public sector relief is granted from aspects of the standard it should also be applicable to these entities, unless operating on a fully commercial basis.

HoTARAC agrees that other aspects of Aus 1.1 to Aus 1.10 should be retained subject to changes reflected in B.1 below.

### *A.2 Definitions of Certain Terms*

Paragraph Aus11.1 provides definitions for a number of terms that are not included in the IASB ED. The AASB proposes to retain each of the following terms:

- *Annual reporting period*: as the term is referred to in the application paragraphs.
- *Australian equivalents to IFRSs*: as the term is specific to Australian reporting requirements.
- *Entity*: as the term is referred to in the application paragraphs.
- *Related practice*: as the term is specific to additional Australian reporting requirements that the AASB proposes to retain.

HoTARAC agrees that these definitions should be retained.

### *A.3 True and Fair View and Compliance with Australian Accounting Standards*

Paragraph Aus13.1 explains that the Corporations Act requires an entity's financial report to comply with Australian Accounting Standards and, if necessary to give a true and fair view. Paragraph Aus13.2 requires the entity to state whether its financial report has been prepared in accordance with Australian Accounting Standards.

HoTARAC agrees that Aus 13.1 and Aus 13.2 should be retained.

### *A.4 Explicit and Unreserved Statement of Compliance*

Paragraphs Aus14.1, Aus14.2 and Aus14.3 relate to the circumstances under which an entity can make a statement of explicit and unreserved compliance that is specifically applicable to parent financial statements, consolidated financial statements, and entities such as for-profit public sector entities and not-for-profit entities in the context of Australian Accounting Standards.

HoTARAC agrees that Aus 14.1 to Aus 14.3 should be retained.

### *A.5 English Language*

Paragraph Aus45.1 requires the financial report to be presented in the English language, which the AASB considers to be an important requirement to retain, particularly since it was originally a key requirement of the corporations legislation.

HoTARAC agrees that Aus 45.1 should be retained.

### *A.6 Auditor Remuneration*

Paragraphs Aus126.1 and Aus126.2 require disclosure of the payments made to auditors and related practices. The AASB considers this information to be useful to users.

HoTARAC agrees that Aus 126.1 and Aus 126.2 should be retained.

### *A.7 Dividend and Franking Details*

Paragraphs Aus126.4, Aus126.5 and Aus126.6 relate to the disclosure of dividend and franking details. The AASB considers this information to be useful to users.

HoTARAC agrees that Aus 126.4 to Aus 126.6 should be retained.

### *A.8 Certain Illustrative Example*

Example 3 of the Australian Implementation Guidance illustrates the disclosures of dividends paid or provided for and of the franking account balance. The AASB proposes to retain the example, as it believes that the example is useful to users (also see Item B.15).

HoTARAC agrees that Example 3 should be retained.

(a) the AASB's preliminary views on:

- ii) the Australian text that is proposed not to be included in the [revised] AASB 101, as noted in section B;

Comments are made after each specific item in the section below.

## **SECTION B. AUSTRALIAN TEXT PROPOSED NOT TO BE INCLUDED IN THE [REVISED] AASB 101**

### *B.1 Application Paragraphs*

Paragraphs Aus1.5 and Aus1.6 list a number of Standards, which are no longer applicable. Paragraph Aus1.7 notes that the notice about the Standard is published in the *Commonwealth of Australia Gazette*. The publication of the notice is no longer required.

HoTARAC agrees to the necessary amendments.

However, HoTARAC would prefer the name and issue date of superseded standards to be retained as it provides useful information.

### ***B.2 Concise Financial Reports***

Paragraph Aus3.1 notes that concise financial reports prepared in accordance with AASB 1039 *Concise Financial Reports* are treated in the same manner as for condensed interim reports prepared in accordance with AASB 134 *Interim Financial Reporting*. The AASB believes it is no longer necessary to retain this reminder about concise financial reports.

HoTARAC agrees.

### ***B.3 Directors' Report and Remuneration Report***

Paragraph Aus9.1 states that the Corporations Act requires entities to present reports such as Directors' Report and Remuneration Report outside the financial report. The AASB believes it is no longer necessary to retain this reminder about the Corporations Act requirement.

HoTARAC agrees.

### ***B.4 Definition of General Purpose Financial Report***

Paragraph Aus11.1 includes a definition of 'general purpose financial report'. Paragraph 7 of the IASB ED includes a definition of 'general purpose financial statements', which has been moved from paragraph 3 of the existing AASB 101 with some amendments. The AASB proposes not to retain the definition for 'general purpose financial report' included in paragraph Aus11.1, and proposes to adopt the definition as stated in paragraph 7 of the IASB ED. The AASB acknowledges that there might be some implications associated with this adoption, and notes that it is intending to review SAC 1 *Definition of the Reporting Entity* (also see Item B.6). The AASB has included a question in the Specific Matter for Comment to seek constituents' views on this particular matter. (Refer to Specific Matter for Comment, question (b)).

HoTARAC agrees with deletion of the definition of the general purpose financial report. See also HoTARAC's comment on specific matter for comment question (b).

### ***B.5 Identification of Framework Used in Preparation of Financial Statements***

Paragraph Aus13.3 explains that the framework under which the report is prepared is identified in the summary of accounting policies, and that it may also be appropriate to state the relevant statutory and other requirements adopted in the preparation of the report. The AASB believes it is no longer necessary to retain this explanation.

HoTARAC disagrees. In a public sector context, specific statutory financial reporting requirements typically exist in each jurisdiction. HoTARAC considers that Aus paragraph 13.3 is a useful reminder that these requirements need to be followed.

### ***B.6 Disclosure whether Financial Report is a General Purpose Financial Report or a Special Purpose Financial Report***

Paragraph Aus13.4 requires an entity to disclose that the financial report is a general purpose financial report (GPFR), or if applicable, a special purpose financial report (SPFR). Paragraph Aus105.1(a) comments that this disclosure normally precedes all the other items that are disclosed in the 'summary of accounting policies' note to the financial statements. The AASB notes that the IASB does not require an entity to specify in its financial report whether it is a GPFR or a SPFR. The AASB is intending to review SAC 1 and SAC 2 *Objective of General Purpose Financial Reporting* and the GPFR/SPFR dichotomy. Accordingly, the AASB proposes not to retain paragraph Aus105.1(a) and the definition of Special Purpose Financial Report in paragraph Aus11.1, and proposes to amend paragraph Aus13.4 to require an entity to disclose whether the financial report is a general purpose financial report.

HoTARAC agrees that Aus 105.1(a) should be deleted and that Aus 13.4 is amended to require an entity to disclose whether the financial report is a general purpose financial report.

### ***B.7 Australian Currency***

When the presentation currency is not Australian currency, paragraph Aus46.1 requires the entity to disclose the reason and justification for using a different currency. The AASB considers that the reason for using a different presentation currency, which entities are entitled to do under AASB 121 *The Effects of Changes in Foreign Exchange Rates*, will be evident from the financial report.

HoTARAC agrees that Aus 46.1 should be deleted.

### ***B.8 Rounding Basis***

Paragraph Aus48.1 requires an entity to assess its regulatory framework to determine a rounding basis that is permitted under that regulatory framework. The AASB believes that it is no longer necessary to retain this paragraph.

HoTARAC agrees that Aus 48.1 should be deleted.

### ***B.9 Operating Cycle***

Paragraph Aus56.1 requires disclosure of the length of the operating cycle where it is longer than twelve months and where current assets and current liabilities are presented separately from non-current assets and non-current liabilities, respectively. The AASB believes that it is no longer necessary to retain this paragraph and that the information will be evident from the financial report.

HoTARAC agrees that Aus 56.1 should be deleted.

### ***B.10 Retained Earnings***

Paragraph Aus68.1 requires the entity to disclose on the face of the statement of financial position retained earnings attributable to equity holders of the parent. The AASB believes that it is no longer necessary to retain this paragraph.

HoTARAC agrees that Aus 48.1 should be deleted.

### ***B.11 Encouragement for Using Formats Illustrated***

Paragraphs Aus69.1, Aus83.1 and Aus97.1 encourage an entity to adopt one of the formats of the financial statements presented in the Appendix of AASB 101, unless an alternative format is more relevant in understanding the entity's financial position, financial performance and movements in equity. The AASB proposes not to retain these paragraphs, consistent with the proposal noted at B.15 not to retain the Appendix and the Australian Implementation Guidance. Consistent with this view, the AASB also proposes to remove paragraph Aus12.1 of AASB 107 *Cash Flow Statements* that encourages an entity to adopt the cash flow statement format presented in the Illustrative Examples included in AASB 107.

HoTARAC agrees that Aus 69.1, Aus 83.1 and Aus 97.1 in AASB 101 and Aus 12.1 in AASB 107 should be deleted.

### ***B.12 Position of Statement of Compliance with Australian Accounting Standards***

Paragraph Aus105.1(b) notes where the statement of compliance with Australian Accounting Standards is normally placed in the notes to the financial statements. The AASB believes that it is no longer necessary to retain this paragraph.

HoTARAC agrees.

### ***B.13 Economic Dependency***

Paragraph Aus126.3 requires an entity to make disclosures about an economic dependency where the entity is dependent on another entity for a significant volume of revenue or financial support, and that dependency is not clearly discernible from a separate line item in the income statement or statement of financial position. The IASB ED does not include this requirement and the AASB proposes not to retain it in the [revised] AASB 101.

HoTARAC agrees.

### ***B.14 Capital Commitments and Other Expenditure Commitments***

Paragraph Aus126.7 requires disclosure of details of capital commitments and other expenditure commitments and also requires these details to be presented in time bands. The IASB ED does not have this requirement, although paragraph 114(d)(i) of the IASB

ED (or paragraph 105(d)(i) of the existing AASB 101) notes the disclosure about ‘unrecognised contractual commitments’ normally follows a certain order of notes to the financial statements. The AASB proposes to adopt the same approach as the IASB with regard to the disclosure of these items.

HoTARAC agrees.

HoTARAC also believes it would be preferable to retain the requirement for time banded disclosure as it provides relevant information for users.

### *B.15 Illustrative Examples and Australian Implementation Guidance*

The Appendix of AASB 101, *Appendix – Illustrative Financial Report Structure* (pages 49 to 57 of the existing AASB 101), provided illustrative examples of a statement of financial position, income statement and statement of changes in equity that meet the requirements of AASB 101. AASB 101 also included Australian Implementation Guidance (pages 58 to 74 of AASB 101). The IASB ED’s Implementation Guidance (pages 78 to 95 of the IASB ED) provides illustrative examples of statements of financial position, recognised income and expense and changes in equity that meet the requirements of the IASB ED. The AASB proposes to replace the Appendix and the Australian Implementation Guidance with the IASB ED’s Implementation Guidance on the basis that the IASB ED’s Implementation Guidance provides examples that illustrate the new requirements of the IASB ED. These new requirements supersede the corresponding requirements of the existing AASB 101. (Refer to A.8 for the AASB’s proposal to retain an example of the existing AASB 101)

The AASB notes that the order of the statement of financial position items that is illustrated in the examples included in the IAS 1 and the IASB ED is different from the order that is used in the illustrations included in the Appendix of AASB 101. For example, under AASB 101, current assets and current liabilities precede non-current assets and non-current liabilities, respectively, on the statement of financial position. Under the IAS 1 and the IASB ED, the reverse applies. The AASB also notes that the illustrated order is not mandatory.

HoTARAC agrees.

(a) the AASB’s preliminary views on:

- (iii) the deletion that is made by the AASB in the existing AASB 101 that is proposed to be reinstated in the [revised] AASB 101, as noted in section C;

Comments are made after each specific item in the section below.



## **SECTION C. DELETION MADE BY THE AASB IN THE EXISTING AASB 101 THAT IS PROPOSED TO BE REINSTATED**

### ***C.1 Fair Presentation***

Paragraphs 17 to 20 of IAS 1 specify circumstances in which an entity could depart from a requirement in a Standard or an Interpretation. They were not included in the existing AASB 101 because they are inconsistent with the Corporations Act with regard to the approach to 'true and fair view' under sections 295 and 297 of that Act. In addition, the existing AASB 101 does not include the opening sentence of paragraph 15 of IAS 1 (paragraph 12 of the IASB ED), which is also inconsistent with the Corporations Act. The AASB proposes to reinstate the deleted text since these inconsistencies do not apply to the entities that are not subject to the Corporations Act.

Most jurisdictions agree to the reinstatement of the deleted text, noting that the provision is not expected to be used in practice.

However, some jurisdictions do not believe it is appropriate to allow a true and fair override within accounting standards.

**(a) the AASB's preliminary views on:**

**(iv) the deletions made by the AASB in the existing AASB 101 that are proposed not to be reinstated, as noted in section D.**

Comments are made after each specific item in the section below.

## **SECTION D. DELETIONS MADE BY THE AASB IN THE EXISTING AASB 101 THAT ARE PROPOSED NOT TO BE REINSTATED**

### ***D.1 IASB's Application Paragraph***

Paragraph 2 of IAS 1 is not included in the existing AASB 101 because it referred to the applicability of IAS 1, which was not applicable to Australian reporting entities. This paragraph was replaced by the corresponding paragraphs Aus1.1 to Aus1.10 in the existing AASB 101. The AASB will continue to have its own application paragraphs in Australian equivalents to IFRSs and paragraph 2 is redundant in the context of AASB 101.

HoTARAC agrees.

### *D.2 Commentary on Alternative Formats Used to Present Changes in Equity*

Paragraph 101 of IAS 1 notes the alternative formats applicable for showing changes in equity. This paragraph is not included in AASB 101 and now the same paragraph has also been proposed for deletion by the IASB. Therefore the notation for the deletion in the [revised] AASB 101 will be amended from ‘[Deleted by the AASB]’ to ‘[Deleted by the IASB]’.

HoTARAC agrees.

### *D.3 Previous Application Paragraphs of IAS 1*

Paragraphs 127 and 128 set out the application details for IAS 1, which are not relevant to AASB Standards. Consequently, they were replaced by the Australian application paragraphs Aus1.1 to Aus1.3 in the existing AASB 101

HoTARAC agrees.

**(b) the AASB’s preliminary views proposed for adopting the definition of ‘general purpose financial report’ as included in paragraph 7 of the IASB ED. The AASB notes that the second paragraph of the definition proposes that “General purpose financial statements include those that are presented separately or within other public documents such as a regulatory filing or report to shareholders.” This statement could be interpreted as defining all financial reports filed with a regulator on a public register to be general purpose financial reports, which would include those that are filed with, for example, the Australian Securities and Investments Commission, whether or not the entities are reporting entities;**

HoTARAC agrees, subject to the comment below, with the definition of a general purpose financial statement as included in paragraph 7 of the IASB ED.

It is suggested that the current wording in paragraph 3 is retained or the second paragraph is revised to:

“General purpose financial statements may include those that are presented separately or within other public documents such as a regulatory filing, annual report or report to shareholders.”

As proposed, the paragraph could be interpreted (inappropriately) as defining general purpose financial reports to include all financial reports presented separately or within other public documents, such as Government budgets.

**(c) whether certain entities should be required to prepare an additional comparative statement of financial position as proposed. These entities may include, for example:**

- (i) public sector entities (for example, general government sector):** The AASB notes that three statements of financial position may create practical presentation difficulties for these entities. The AASB is particularly mindful of its proposal in ED 142 *Financial Reporting of General Government Sectors by Governments* to require the presentation of an additional statement: the original budget for these entities; and
- (ii) entities required to prepare financial reports under Part 2M.3 of the Corporations Act that are not reporting entities;**

HoTARAC does not agree with requiring public sector entities to disclose three statements of financial position. HoTARAC notes the requirements are being introduced to provide information for the calculation of ratios by analysts for providing information to investors and creditors. This is not relevant to the public sector.

There are a number of practical difficulties in presenting this information for public sector entities or at a whole-of-government level, for example the additional five columns it would require in sector schedules presented in consolidated financial statements.

In addition, if budget information is also required to be disclosed for comparatives the volume of columns would increase significantly and, in HoTARAC's view, would detract from the current year's financial information being presented.

This information is already publicly available in the preceding Annual Report, and therefore there seems little need for a change from current requirements.

It should be noted that some public sector entities within the General Government Sector may be required to report under part 2M.3 of the Corporations Act. HoTARAC believes any exemption for public sector entities should also include these entities.

**(d) whether the proposals give rise to any public sector entity issues that you believe require additional requirements or guidance in AASB 101. If yes, please describe the issues and provide reasons supporting your response;**

HoTARAC is not aware of any issues, though it would like the net cost of services acknowledged within the standard.

**(e) any regulatory issues or other issues arising in the Australian environment that may affect the implementation of the proposals, particularly any issues relating to:**

- (i) not-for-profit entities; and**
- (ii) public sector entities.**

HoTARAC is not aware of any issues.

**(f) whether the proposals are in the best interests of the Australian economy.**

No comment.

### **Questions 1 and 2 – A complete set of financial statements**

**The Exposure Draft proposes that the titles of the financial statements should be as follows:**

- (a) statement of financial position (previously ‘balance sheet’);**
- (b) statement of recognised income and expense;**
- (c) statement of changes in equity; and**
- (d) statement of cash flows (previously ‘cash flow statement’).**

**The Board does not propose to make the changes of nomenclature mandatory (see paragraph 31 of the draft Standard and paragraphs BC4 and BC5 of the Basis for Conclusions).**

***Question 1 – Do you agree with the proposed titles of the financial statements (bearing in mind that an entity is not required to use those titles in its financial statements)? If not, why?***

HoTARAC agrees with the proposed titles, except it notes that the word “recognised” in “statement of recognised income and expense” appears to be redundant and could be omitted.

HoTARAC also notes that there seems little benefit in proposing titles of the financial statements that are not mandatory, as this is likely to result in inconsistencies. HoTARAC believes that providing options in terminology will create divergence and therefore it is preferred that terminology used for presentation be mandatory.

HoTARAC notes that Australia has recently changed statement names and that this proposal, in some cases, would require a change back. This seems counter-productive and HoTARAC believes is likely to reflect poorly in the minds of users. HoTARAC questions the need for these changes at present, noting this is Phase A of the Project and further changes are expected to result from Phase B. HoTARAC therefore believes the AASB should delay these changes to present Phase A and B amendments together.

**The Exposure Draft introduces a requirement to present a statement of financial position as at the beginning of the earliest period presented in the financial statements. Therefore, in addition to notes, an entity would be required to present three statements of financial position, and two of each of the other statements that form part of a complete set of financial statements (see paragraphs 31 and 39 of the draft Standard and paragraphs BC6–BC9 of the Basis for Conclusions).**

***Question 2 – Do you agree that a statement of financial position as at the beginning of the period should be part of a complete set of financial statements, and that an entity presenting comparative information should therefore be required to present three statements of financial position in its financial statements? If not, why?***

An additional comparative statement of financial position (at the beginning of the previous period) would provide relevant information to users. However, there is limited use for this information and some practical difficulties in presenting this information for the public sector.

HoTARAC proposes that this requirement be limited to listed entities, or entities in the process of becoming listed, or have financial statement users who would be reasonably expected to rely on this information due to, for example, a fiduciary responsibility. For a number of entities there seems little use in the presentation of this information.

HoTARAC notes that users may be confused by the presentation of an additional column within some statements and not others, and the additional column may detract from the current information being presented.

### **Questions 3–5 – Reporting owner changes in equity and recognised income and expenses**

**The Exposure Draft proposes to require entities to present all changes in equity arising from transactions with owners in their capacity as owners (ie ‘owner changes in equity’) separately from other changes in equity (ie ‘non-owner changes in equity’ or ‘recognised income and expense’). Non-owner changes in equity would be presented in either (a) a single statement of recognised income and expense, or (b) two statements: a statement displaying components of profit or loss and a second statement beginning with profit or loss and displaying components of other recognised income and expense (see paragraphs 81 and 82 of the draft Standard and paragraphs BC11–BC20 of the Basis for Conclusions).**

***Question 3 – Do you agree that non-owner changes in equity should be referred to as ‘recognised income and expense’ (bearing in mind that an entity is not required to use the term in its financial statements)? If not, why?***

***Is the terminology used in the Standard important if entities are permitted to use other terms in their financial statements? If so, what term would you propose instead of ‘recognised income and expense’?***

HoTARAC considers that non-owner changes in equity should be referred to as “income and expenses” or alternatively as comprehensive income. The term “recognised” would appear to be redundant in the light of Framework paragraph 82.

***Question 4 – Do you agree that all non-owner changes in equity (ie components of recognised income and expense) should be presented separately from owner changes in equity? If not, why?***

HoTARAC agrees.

***Question 5 – Do you agree that entities should be permitted to present components of recognised income and expense either in a single statement or in two statements?***

***If so, why is it important to present two statements rather than a single statement?***

***If you do not agree, why? What presentation would you propose for components of recognised income and expense that are not included in profit or loss?***

HoTARAC agrees.

While HoTARAC would prefer a single “comprehensive” statement it would not rule out two statements provided the basis for the split between them was conceptually sound and clearly articulated. HoTARAC notes that the next stage of the IASB/FASB project will consider this issue in more detail. For public sector entities, a disaggregating of the statement of income and expenses into “transactions” and “other economic flows” as currently used in IMF Government Finance Statistics would be most relevant.

HoTARAC note that ED 142 adopts a comprehensive income approach and as stated above would prefer this approach.

**Questions 6 and 7 – Other recognised income and expense—reclassification adjustments and related tax effects**

**The Exposure Draft requires the disclosure of reclassification adjustments relating to each component of other recognised income and expense (see paragraphs 92–96 of the draft Standard and paragraphs BC21–BC23 of the Basis for Conclusions).**

***Question 6 – Do you agree with this proposal? If not, why?***

HoTARAC agrees.

Some jurisdictions would like reclassification adjustments to be presented only by way of a note.

**The Exposure Draft requires the disclosure of income tax relating to each component of other recognised income and expense (see paragraph 90 of the draft Standard and paragraphs BC24 and BC25 of the Basis for Conclusions).**

***Question 7 – Do you agree with this proposal? If not, why?***

HoTARAC agrees.

However, HoTARAC would like the AASB to ensure that this requirement is not overly burdensome for entities that will apply the standard.

If adopted, some jurisdictions would like this information to be presented only by way of a note.

### Question 8 – Presentation of per-share measures

The Exposure Draft does not propose changes to IAS 33 *Earnings per Share*. Therefore, earnings per share will be the only per-share measure presented on the face of the statement of recognised income and expense. If an entity presents any other per-share measure, that information is required to be calculated in accordance with IAS 33 and presented in the notes (see paragraph BC26 of the Basis for Conclusions).

*Question 8 – Do you agree that earnings per share should be the only per-share measure that is required or permitted to be presented on the face of the statement of recognised income and expense? If not, which other per-share measures should be required or permitted to be presented on the face of a statement and why?*

HoTARAC agrees.

### OTHER COMMENTS

HoTARAC believes the definition of current liabilities within the standard is likely to confuse users rather than assist them in understanding the financial information presented, and that this is an appropriate opportunity to seek amendment to this area of the standard.

A current liability includes any liability that “the entity does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date”. This is designed to capture loans that could be at call. HoTARAC agrees that it is appropriate for these to be classified as current.

However, HoTARAC does not agree that it is appropriate to classify employee benefits that are not expected to be settled for a number of years, and in some cases not until twenty five years after reporting date as current, due to a lack of a right to defer settlement.

HoTARAC views the cost of performing this presentation outweighs the benefits from its provision, for example actuaries will need to be engaged to provide the information required to perform this split for public sector superannuation leading to additional costs, for presentation that is misleading. In addition, these actuaries have advised they may not be able to calculate this information with any surety leading to a potential audit issue.

HoTARAC therefore believes this area of the standard needs to be reviewed and amended.