

27 July 2006

Ms Denise Gomez Soto  
IAS 1 Amendments  
International Accounting Standards Board  
30 Cannon Street  
London  
EC4M 6XH

## **Amendments To IAS 1 Presentation Of Financial Statements: A Revised Presentation**

As members of the Corporate Reporting User Forum, we are writing to give our views on the above IASB exposure draft.

### **About the Corporate Reporting User Forum (CRUF)**

The CRUF came together in 2005 as a discussion forum to help its participants in their approach to the debate on current and future corporate reporting requirements. In particular, participants are keen to have a fuller input into the deliberations of the International Accounting Standards Board. CRUF participants come from across the City of London and abroad, including individuals from both buy and sell-side institutions, and from both equity and fixed income markets.

The CRUF is a discussion forum. It does not seek to achieve consensus views, though at times its participants will agree to make joint representations to standard setters or to the media. The chairmanship of the CRUF rotates at each meeting and different individuals take leadership in discussions on different topics and in the initial drafting of representations.

Its participants take part in CRUF discussions and joint representations as individuals, not as representatives of their employer organisations. Notwithstanding this, it would not be correct to assume that those individuals who do not participate in a given initiative disagree with that initiative. The members of the Forum that have specifically endorsed this response are listed below.

### **Performance reporting**

We have previously written in strong support of the overall project on performance reporting. We remain committed to working with the IASB as the project develops but we believe the main challenges and rewards lie ahead (in Segment B) and so our comments on this ED are brief.

### **Answers to specific questions**

#### ***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?*

We share the view of the UK ASB that there seems no real merit in making this change. Some of us are concerned that renaming the balance sheet will be unhelpful since to most analysts and investors the phrase 'statement of financial position' would mean something quite different.

**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?*

We can see some advantages in ready access to the opening comparative balance sheet, but we do not see this as a necessary change. The information should be readily available elsewhere and any restatements covered in the notes.

**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’?*

Changing the terminology now risks pre-empting the debate in Segment B. We do not see the need to do this now.

**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?*

We are strongly in favour of separate presentation of all non-owner changes in equity. There is a fundamental difference between owner and non-owner changes in equity and the current practice of putting them in the same statement makes no sense.

**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?*

To avoid pre-empting the conclusions of Segment B, we agree that entities should be permitted to present components of recognised income and expense either in a single statement or in two statements.

**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?*

We strongly support better disclosure of reclassification adjustments.

*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?

We strongly support better disclosure of related income tax.

**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?*

Alternative per share measures are valued by the market. Where they are used outside the financial statements, for example in results presentations, some of us take the view that it would be much more helpful to see them also on the face of a statement along with the IAS33 EPS so that users can distinguish and reconcile the different measure(s). Consistency and disclosure of the methodology applied for alternatives should be the only conditions of the face presentation. [It is also not clear at all that IAS 33 prohibits on the face disclosure of alternatives.]

Others of us take the view that this should be taken up in the debate on Segment B and is not for determination now.

Yours sincerely



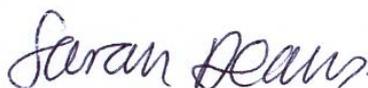
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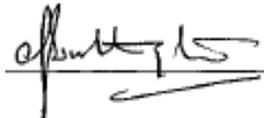
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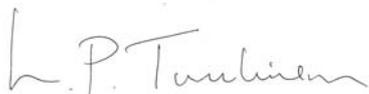
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