



LETTER OF COMMENT NO. 102

Sir David Tweedie
Chairman of the
International Accounting Standards Board
30 Cannon Street

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540/542/575

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Dear Sir David

Discussion Paper: Preliminary Views on Financial Statement Presentation

We appreciate the opportunity to comment on the discussion paper mentioned above and would like to submit our comments as follows:

General Remarks

The discussion paper is part of the joint project of IASB and FASB on financial statement presentation. We favour this project as far as it aims at addressing users' concerns on the existing requirements thereon. However, we are not supportive of the overall approach set out in the discussion paper. In our view, many proposals of the approach would lead to fundamental changes in the presentation of financial statements, which cannot be justified by corresponding benefits for the users of financial statements. These changes would result in considerable additional cost, in part as one-time costs for the change-over, in part as ongoing application costs. Some of the proposed requirements might even hardly be practicable, for example, the direct calculation of operative cash flows or the reconciliation schedule. There is a danger that gathering and presenting the detailed information required for this schedule will overstrain preparers and users, thus not being justifiable on cost-benefit reasons.

In our opinion, there is no need for such a fundamental change in the presentation of financial statements. Instead, we heard that users have split views on which information they actually need and are not able to get from the current financial statements. In any way, it is our understanding that currently

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with respect to financial statement presentation there is a limited information gap only. The missing pieces of information should be identified in detail, based on further discussions with users, and, subsequently, incorporated into IFRS, provided that it is justifiable from the preparer's view also, taking into account cost-benefit considerations. For example, instead of a detailed reconciliation schedule, additional presentation and disclosure requirements in specific areas could address user needs regarding remeasurement items.

We believe that the discussion paper did not sufficiently substantiate the advantageousness of the proposals. Therefore, we suggest the board to carefully evaluate the comment letters on this discussion paper and information gathered by the field tests. In our view, reconsidering the approach on financial statement presentation in the end will lead to the conclusion that the better way to go forward is to improve the information content of financial statements by specific requirements in certain areas, starting from the status quo.

Moreover, there is a danger of information overload by the quite detailed information contained in the primary financial statements. In our view, it would be difficult for users to really appreciate the information provided by the proposed formats. We guess that small investors would clearly be overstrained. This may be true even for analysts. Instead of disaggregating the primary financial statements up to the proposed extent, it might be the preferable solution to provide the necessary information in the notes.

Furthermore, we believe that the presentation of financial statements cannot be appropriately addressed before the definition of "performance" has been re-deliberated and finalised in the current framework project. This would include re-consideration of the question which items must or may be presented in other comprehensive income outside of profit or loss and whether, when and how items of other comprehensive income must be reclassified to profit or loss ("recycling").

Amongst others, the discussion paper proposes that a management approach to classification should be adopted. In our view, there is a tension between the adoption of the management approach and comparability which is a qualitative characteristic in the IASB's current Framework and probably an enhancing qualitative characteristic in the IASB's future Framework. The adoption of the management approach in this context would result in the financial statements of different entities not being comparable, because entities would classify similar activities differently. Therefore, we would appreciate the board refrain from stipulating the management approach for the purposes of financial statement presentation. Instead, users' concerns whereby existing requirements permit too

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many alternative types of presentation and that information in financial statements is highly aggregated and inconsistently presented, should be invalidated by minimum requirements on the information to be presented on the face of these statements. We believe that industry specific minimum requirements, e.g. for banks, insurers and other entities might improve the comparability of financial statements. The new formats should specify meaningful subtotals. However, additional requirements in certain respects should be stipulated only insofar as net benefits are substantiated and practicability is confirmed by preparers.

Finally, we would like to suggest the board to initiate a project which aims at identifying and eliminating superfluous stipulations. For example, the augmenting number of disclosures results in an information overload. Therefore, the board should aim at avoiding a disproportional increase of requirements that lead to confusing financial statements which hide the information needed by users rather than being decision-useful.

Question 1

Would the objectives of financial statement presentation proposed in paragraphs 2.5–2.13 improve the usefulness of the information provided in an entity's financial statements and help users make better decisions in their capacity as capital providers? Why or why not? Should the boards consider any other objectives of financial statement presentation in addition to or instead of the objectives proposed in this discussion paper? If so, please describe and explain.

The boards developed three objectives for financial statement presentation, i.e. cohesiveness, disaggregation and the liquidity and financial flexibility objective. In principle, we support the objectives of financial statement presentation proposed in the discussion paper. However, we do not see how the proposed liquidity and financial flexibility objective is derived from the objective of financial reporting as described in the Framework. Moreover, we would like to point to the following limitations that have to be considered.

In our view, the cohesiveness objective provides for a clear picture of the relationship between items across the financial statements. As the discussion paper states in the last sentence of para. 2.6, it is supposed to provide users with more complete data for calculating some key financial ratios, such as return on net operating assets. Together with the use of the management approach, this is applicable for comparisons of those ratios calculated from the same entity

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over time, but not between entities. Furthermore, we advocate the board to carry out detailed cost-benefit analyses before proceeding with the proposed approach.

Whereas we support the objective to disaggregate the information in the financial statements to an extent that provides users with a basis for their decisions, we doubt whether such extensive disaggregation, as proposed in the discussion paper, is justified by this objective. For example, the discussion paper proposes to disaggregate the assets and liabilities in the statement of financial position into the sections, and categories respectively, operating, investing and financing in the first step (cp. DP 2.19 et seqq.), then further disaggregation is needed into the subcategories short-term and long-term (cp. DP 3.2 et seqq.). In addition, these subcategories have to be disaggregated in order to present on separate lines those similar assets and liabilities which are measured on different bases (cp. DP 3.19 et seqq.). Another example is the disaggregation of income and expense items within the operating, investing, financing assets and financing liabilities categories in the statement of comprehensive income by function and by nature (cp. DP 3.42 et seqq.). Again, we would appreciate the board backing the need for the proposed fundamental changes by detailed cost-benefit analyses.

We agree that information that helps users assess the entity's ability to meet its financial commitments as they become due and to invest in business opportunities is decision-useful. However, it is not clear to us what really is the additional benefit of the proposed approach on financial statement presentation achieved by the financial flexibility objective, compared with the information already provided by IFRS, especially IFRS 7.

Question 2

Would the separation of business activities from financing activities provide information that is more decision-useful than that provided in the financial statement formats used today (see paragraph 2.19)? Why or why not?

In our opinion, the separation of business activities from financing activities provides information that is decision-useful in theory. However, we believe that it is hardly possible to draw a clear distinction between these two sections for conceptual reasons. For example, the quality of the entity's financing activities is in general understood as a component of its performance, thus creating value (cp. DP 2.31). Moreover, as noted by the boards, conceptually all liabilities are sources of financing for an entity's various activities (cp. DP 2.56).

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Especially, we do not see the additional information value of this distinction applied to the statement of financial position. Instead, we believe that a balance sheet drawn up according to appropriately defined minimum requirements for the format, based on the current schemes, results in sufficient information.

Furthermore, provided that the board would stick to the management approach, entities would classify similar activities differently, thereby impairing the comparability of the figures between entities.

Question 3

Should equity be presented as a section separate from the financing section or should it be included as a category in the financing section (see paragraphs 2.19(b), 2.36 and 2.52–2.55)? Why or why not?

In our view, equity should be presented as a section separate from the financing section because including equity as a category in the financing section would be in conflict with the cohesiveness objective: If financing activities with owners were presented in an equity category in the financing section, only the statements of financial position and cash flows would include an equity category. The financing section in the statement of comprehensive income would not include an equity category because comprehensive income excludes transactions with owners.

Question 4

In the proposed presentation model, an entity would present its discontinued operations in a separate section (see paragraphs 2.20, 2.37 and 2.71–2.73). Does this presentation provide decision-useful information? Instead of presenting this information in a separate section, should an entity present information about its discontinued operations in the relevant categories (operating, investing, financing assets and financing liabilities)? Why or why not?

In our opinion, it is decision-useful to present discontinued operations in a separate section because of the different implications for future cash flows. Additional separation and presentation in different categories is not necessary. A separate section will suffice to separate information about continuing activities from discontinued operations.

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Question 5

The proposed presentation model relies on a management approach to classification of assets and liabilities and the related changes in those items in the sections and categories in order to reflect the way an item is used within the entity or its reportable segment (see paragraphs 2.27, 2.34 and 2.39–2.41).

- (a) Would a management approach provide the most useful view of an entity to users of its financial statements?*
- (b) Would the potential for reduced comparability of financial statements resulting from a management approach to classification outweigh the benefits of that approach? Why or why not?*

We doubt whether the management approach provides the most useful view of an entity to users of its financial statements. The potential for reduced comparability of financial statements resulting from a management approach to classification outweighs the benefits of that approach. This is because entities would classify and present similar activities differently, even within the same industry. Therefore, we encourage the board to redeliberate this issue.

Question 6

Paragraph 2.27 proposes that both assets and liabilities should be presented in the business section and in the financing section of the statement of financial position. Would this change in presentation coupled with the separation of business and financing activities in the statements of comprehensive income and cash flows make it easier for users to calculate some key financial ratios for an entity's business activities or its financing activities? Why or why not?

As already set out in our answer to question 1, we believe that the cohesiveness objective should not be overstrained. It is not an end in itself but only a means to achieve the objectives of financial statements. Therefore, making it easier to calculate key financial ratios can be an aim only when it is impracticable to determine them based on current financial statements and if a need for them is substantiated, taking account of cost-benefit considerations.

In our view, the adoption of the management approach would impair the comparability of key financial ratios between entities. Although it would be easier to calculate some of the ratios, there might be a sacrifice of relevance because, according to the proposed approach, entities might classify and present similar activities differently, thus distorting the content of the ratios. We

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doubt that this really serves the purposes of the users of financial statement information.

Question 7

Paragraphs 2.27, 2.76 and 2.77 discuss classification of assets and liabilities by entities that have more than one reportable segment for segment reporting purposes. Should those entities classify assets and liabilities (and related changes) at the reportable segment level as proposed instead of at the entity level? Please explain.

We do not support the application of the management approach for the purposes of financial statement presentation. We refer to our answer to question 5. However, provided that the board would adopt the management approach, we believe that it is conceptually sound that entities which have more than one reportable segment for segment reporting purposes should classify assets and liabilities (and related changes) at the reportable segment level as proposed rather than at the entity level.

Question 8

The proposed presentation model introduces sections and categories in the statements of financial position, comprehensive income and cash flows. As discussed in paragraph 1.21(c), the boards will need to consider making consequential amendments to existing segment disclosure requirements as a result of the proposed classification scheme. For example, the boards may need to clarify which assets should be disclosed by segment: only total assets as required today or assets for each section or category within a section. What, if any, changes in segment disclosures should the boards consider to make segment information more useful in light of the proposed presentation model? Please explain.

As mentioned in our general remarks, we are not convinced that the proposed fundamental revision of the presentation model is appropriate. Therefore, in our view, consequential amendments to existing segment disclosures are not a topic.

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Question 9

Are the business section and the operating and investing categories within that section defined appropriately (see paragraphs 2.31–2.33 and 2.63–2.67)? Why or why not?

We regard the distinction between the operating and investing categories as problematical. It is based on the notion of “core” and “non-core” activities (cp. DP 2.64). We doubt whether it is appropriate to give this information in the primary financial statements. It might be preferable to provide information on “core” and “non-core” activities in the segment reporting rather. This would make the distinction between the operating and the investing category redundant. Furthermore, the definition of investing is quite different from the common use of this term. Our understanding is supported by the board’s view whereby it expects that many entities will have only a few investing assets or liabilities, and some may not have any (cp. DP 2.66). The narrow definition of investing might be perceived as rather confusing by the users of financial statements.

It might also be bewildering for users when an entity decides to present all the activities of a particular subsidiary in the investing category. In that case, the investing category may have line items for revenues, costs of goods sold, advertising, general and administrative expenses, and other expenses (cp. DP 2.66). This kind of presentation causes misunderstandings, because the investing category is intended to show the assets and liabilities which the entity uses to generate a return in the form of interest, dividends or increased market prices (cp. DP 2.33), not line items for operating activities.

Question 10

Are the financing section and the financing assets and financing liabilities categories within that section defined appropriately (see paragraphs 2.34 and 2.56–2.62)? Should the financing section be restricted to financial assets and financial liabilities as defined in IFRSs and US GAAP as proposed? Why or why not?

We refer to our answer to question 2. In general, the presentation model relies on a management approach. The proposal that the financing section is restricted to financial assets and financial liabilities as defined in IFRSs is in conflict with that approach because the board intends to add objectivity to the classification process (DP 2.62). It is unclear to us, why objectivity should be the dominant principle only in this area. Furthermore, the board’s view on post-

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employment benefits, especially pensions, as described in DP 2.45, is conceptually unsatisfactory since pensions are often considered part of an entity's financing activities without being financial liabilities.

Question 11

Paragraph 3.2 proposes that an entity should present a classified statement of financial position (short-term and long-term subcategories for assets and liabilities) except when a presentation of assets and liabilities in order of liquidity provides information that is more relevant.

- (a) *What types of entities would you expect not to present a classified statement of financial position? Why?*

We expect that mainly financial institutions like deposit-taking businesses, i.e. banks, and insurances prefer the presentation of their statements of financial position in order of liquidity.

- (b) *Should there be more guidance for distinguishing which entities should present a statement of financial position in order of liquidity? If so, what additional guidance is needed?*

We would like to note that we appreciate the option to present assets and liabilities in order of liquidity if this kind of presentation provides information that is more relevant than a classified statement of financial position. The proposed guidance seems appropriate. Likewise, we support the presentation of a classified statement of financial position, based on a fixed period of one year. In our view, this would enhance the comparability between entities.

Question 12

Paragraph 3.14 proposes that cash equivalents should be presented and classified in a manner similar to other short-term investments, not as part of cash. Do you agree? Why or why not?

We agree to the classification and presentation of cash equivalents in a manner similar to other short-term investments, not as part of cash, because no short-term investment can have all of the characteristics of currency on hand and on-demand deposits. For example, regardless of how near its maturity, a short-term investment is subject to some risk of price change attributable to, for example,

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sudden changes in the credit environment or the perceived credit quality of the issuer (cp. DP 3.17).

Question 13

Paragraph 3.19 proposes that an entity should present its similar assets and liabilities that are measured on different bases on separate lines in the statement of financial position. Would this disaggregation provide information that is more decision-useful than a presentation that permits line items to include similar assets and liabilities measured on different bases? Why or why not?

In our view, the disaggregation of similar assets and liabilities that are measured on different bases provides decision-useful information. However, we believe that disaggregating these assets and liabilities in the notes enhances clarity and understandability of the financial statements, compared with presenting this information in separate lines in the statement of financial position. IFRS 7 already requires such disaggregations regarding financial instruments.

Furthermore, we believe that it is not sufficiently clear what is meant by “measured on different bases” in the discussion paper. For example, would it suffice to distinguish between items measured at cost and those measured at fair value? Would it be necessary to further disaggregate in case of impairment (IAS 36, IAS 39 etc.)? If disaggregation in case of impairment of financial assets were necessary, would it be required to separate financial assets measured at the present value of the revised cash flows from those measured at fair value?

Question 14

Should an entity present comprehensive income and its components in a single statement of comprehensive income as proposed (see paragraphs 3.24–3.33)? Why or why not? If not, how should they be presented?

We believe that the topic of presentation of financial statements cannot be appropriately addressed before the definition of “performance” has been extensively discussed in the context of the current framework project. Especially, the questions which items must or may be presented in other comprehensive income and whether, when and how items of other comprehensive income must be reclassified to profit or loss has to be tackled first. Therefore, at this stage we do not support a requirement which would oblige entities to present comprehensive income and its components in a single statement of

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comprehensive income. Instead, we encourage the board to stick with the current option to present all items of income and expense recognised in a period either in a single statement or in two statements (IAS 1.81).

Question 15

Paragraph 3.25 proposes that an entity should indicate the category to which items of other comprehensive income relate (except some foreign currency translation adjustments) (see paragraphs 3.37–3.41). Would that information be decision-useful? Why or why not?

Within the proposed presentation model it seems consistent to indicate the category to which items of other comprehensive income relate (except some foreign currency translation adjustments).

Question 16

Paragraphs 3.42–3.48 propose that an entity should further disaggregate within each section and category in the statement of comprehensive income its revenues, expenses, gains and losses by their function, by their nature, or both if doing so will enhance the usefulness of the information in predicting the entity's future cash flows. Would this level of disaggregation provide information that is decision-useful to users in their capacity as capital providers? Why or why not?

In our opinion, this level of disaggregation would overchallenge users rather than provide decision useful information. We believe that there is a danger of information overload by the detailed information required by paragraphs 3.42–3.48 of the discussion paper, amongst others. Instead of disaggregating the statement of comprehensive income up to the proposed extent, it might be preferable to provide some additional information in the notes.

Therefore, pertaining to the statement of comprehensive income, we would appreciate the board sticking to the status quo, whereas an entity can “present an analysis of expenses recognised in profit or loss using a classification based on either their nature or their function within the entity, whichever provides information that is reliable and more relevant” (IAS 1.99).

However, in case the board would adhere to its proposal, we would advocate for a clarification of what is meant by the phrase „disaggregate to the extent that this will enhance the usefulness of the information in predicting the entity's

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future cash flows". This phrase seems overly vague, thus leaving too much room for discretion.

Question 17

Paragraph 3.55 proposes that an entity should allocate and present income taxes within the statement of comprehensive income in accordance with existing requirements (see paragraphs 3.56–3.62). To which sections and categories, if any, should an entity allocate income taxes in order to provide information that is decision-useful to users? Please explain.

We support the board retaining the existing intraperiod tax allocation guidance instead of requiring further disaggregations, because it already provides users with sufficient information.

Question 18

Paragraph 3.63 proposes that an entity should present foreign currency transaction gains and losses, including the components of any net gain or loss arising on remeasurement into its functional currency, in the same section and category as the assets and liabilities that gave rise to the gains or losses.

- (a) Would this provide decision-useful information to users in their capacity as capital providers? Please explain why or why not and discuss any alternative methods of presenting this information.*
- (b) What costs should the boards consider related to presenting the components of net foreign currency transaction gains or losses for presentation in different sections and categories?*

We believe that the proposal is conceptually sound whereby an entity should present foreign currency transaction gains and losses, including the components of any net gain or loss on remeasuring the financial statements of an entity into its functional currency, in the same section and category as the assets and liabilities that gave rise to the gains or losses.

Question 19

Paragraph 3.75 proposes that an entity should use a direct method of presenting cash flows in the statement of cash flows.

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- (a) *Would a direct method of presenting operating cash flows provide information that is decision-useful?*
- (b) *Is a direct method more consistent with the proposed comprehensiveness and disaggregation objectives (see paragraphs 3.75–3.80) than an indirect method? Why or why not?*
- (c) *Would the information currently provided using an indirect method to present operating cash flows be provided in the proposed reconciliation schedule (see paragraphs 4.19 and 4.45)? Why or why not?*

We are not convinced that the direct method of presenting operating cash flows is superior to the indirect method. Many users prefer the indirect method because it reconciles profit or loss to net operating cash flows and clearly presents non-cash operating expenses. The board accepts this preference but proposes to replace the indirect method by the direct method in connection with a reconciliation schedule. This reconciliation schedule should, in the board's view, provide a more complete picture of non-cash-expenses compared with the indirect method (cp. DP 3.80). Due to our concerns regarding complexity and costs of the reconciliation schedule we reject the board's proposal.

The fact that almost all entities use the indirect method may be an indicator that the direct method is not in demand. To our knowledge, if entities currently present operating cash flows by the direct method they disclose only two amounts: one amount for cash collected from customers and one amount for cash paid to suppliers and employees (similar to IAS 7, Appendix A). Both amounts are determined indirectly as described in IAS 7.19(b). In our view, this kind of condensed presentation does not provide information that is more useful than the indirect method. On the other hand, the more detailed presentation proposed in the discussion paper would probably overstrain preparers, auditors and users of financial statements. Huge costs to modify accounting systems and to apply the proposed direct method continuously are obvious (we refer to the comments on the problems with obtaining information about operating cash receipts and payments as set out in DP 3.81 et seqq.). Therefore, we encourage the board to carefully evaluate the comment letters of preparers on this discussion paper and information gathered by the field tests. We strongly advocate the board require the direct method only if it proves to be feasible at reasonable cost and considerable benefits have been evidenced.

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Question 20

What costs should the boards consider related to using a direct method to present operating cash flows (see paragraphs 3.81–3.83)? Please distinguish between one-off or one-time implementation costs and ongoing application costs. How might those costs be reduced without reducing the benefits of presenting operating cash receipts and payments?

We refer to our answer on question 19. Most entities use the indirect method of presenting operating cash flows and we are not aware of accounting systems that collect information about gross operating cash receipts and payments. Therefore, we are not in a position to comment on implementation and application costs in more detail.

Question 21

On the basis of the discussion in paragraphs 3.88–3.95, should the effects of basket transactions be allocated to the related sections and categories in the statement of comprehensive income and the statement of cash flows to achieve cohesiveness? If not, in which section or category should those effects be presented?

We would prefer to apply alternative C, i.e. present the effects of basket transactions in a separate section, because allocating them would be arbitrary, at least to some extent, independent of which allocation method would be used (cp. DP 3.92).

Question 22

Should an entity that presents assets and liabilities in order of liquidity in its statement of financial position disclose information about the maturities of its short-term contractual assets and liabilities in the notes to financial statements as proposed in paragraph 4.7? Should all entities present this information? Why or why not?

We agree that information about maturities of short-term contractual assets and liabilities should be provided in the notes if a presentation based on liquidity has been used in the statement of financial position.

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Question 23

Paragraph 4.19 proposes that an entity should present a schedule in the notes to financial statements that reconciles cash flows to comprehensive income and disaggregates comprehensive income into four components: (a) cash received or paid other than in transactions with owners, (b) accruals other than remeasurements, (c) remeasurements that are recurring fair value changes or valuation adjustments, and (d) remeasurements that are not recurring fair value changes or valuation adjustments.

- (a) Would the proposed reconciliation schedule increase users' understanding of the amount, timing and uncertainty of an entity's future cash flows? Why or why not? Please include a discussion of the costs and benefits of providing the reconciliation schedule.*
- (b) Should changes in assets and liabilities be disaggregated into the components described in paragraph 4.19? Please explain your rationale for any component you would either add or omit.*
- (c) Is the guidance provided in paragraphs 4.31, 4.41 and 4.44–4.46 clear and sufficient to prepare the reconciliation schedule? If not, please explain how the guidance should be modified.*

Theoretically, the proposed reconciliation schedule provides users with some interesting information. However, in respect of the complexity and the costs caused by its preparation, it should be required only if the preparers in their comment letters as well as the field tests suggest that it would be feasible at reasonable cost. From our point of view, additional presentation and disclosure requirements in specific areas could address user needs more efficiently than the proposed reconciliation schedule.

Furthermore, we believe that the distinction between the columns is not clear in part. For example, in para. 4.45(e), the discussion paper cites as an example for "all other changes from non-recurring remeasurements" a gain or loss on an asset that is classified as held for sale. However, according to IFRS 5.15 et seqq., subsequent remeasurements may arise. Therefore, a classification under "recurring fair value changes/valuation adjustments" would seem appropriate either.

Question 24

Should the boards address further disaggregation of changes in fair value in a future project (see paragraphs 4.42 and 4.43)? Why or why not?

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At present we do not advocate another project. In our view, the current projects, especially with regard to the current crisis, should be finalised before new projects are added to the agenda.

Question 25

Should the boards consider other alternative reconciliation formats for disaggregating information in the financial statements, such as the statement of financial position reconciliation and the statement of comprehensive income matrix described in Appendix B, paragraphs B10–B22? For example, should entities that primarily manage assets and liabilities rather than cash flows (for example, entities in the financial services industries) be required to use the statement of financial position reconciliation format rather than the proposed format that reconciles cash flows to comprehensive income? Why or why not?

We refer to our answer on question 23.

Question 26

The FASB's preliminary view is that a memo column in the reconciliation schedule could provide a way for management to draw users' attention to unusual or infrequent events or transactions that are often presented as special items in earnings reports (see paragraphs 4.48–4.52). As noted in paragraph 4.53, the IASB is not supportive of including information in the reconciliation schedule about unusual or infrequent events or transactions.

- (a) Would this information be decision-useful to users in their capacity as capital providers? Why or why not?*
- (b) APB Opinion No. 30 Reporting the Results of Operations—Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions, contains definitions of unusual and infrequent (repeated in paragraph 4.51). Are those definitions too restrictive? If so, what type of restrictions, if any, should be placed on information presented in this column?*
- (c) Should an entity have the option of presenting the information in narrative format only?*

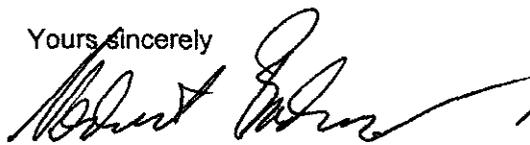
We refer to our answer on question 23 regarding our concerns about a reconciliation schedule in general. At present, there is no notion of "unusual or infrequent events or transactions" in the IFRS. In our view, it might be advisable

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for the IASB to develop a definition for this type of event or transaction as users seem to perceive information thereon as decision-useful.

We would be pleased to answer any questions that you may have or discuss any aspect of this letter.

Yours sincerely



Norbert Breker
Technical Director
Accounting and Auditing



Uwe Fieseler
Director International
Accounting