



International Accounting Standards Board, 30 Cannon Street, London EC4M6XH, United Kingdom

April 14, 2009

Subject: COMMENTS ON DISCUSSION PAPER 'PRELIMINARY VIEWS ON FINANCIAL STATEMENT PRESENTATION'

Sir.

The Institute of Chartered Accountants of Pakistan welcomes the opportunity to offer comments on the above mentioned discussion paper.

Please find enclosed the general comments of the relevant Committee of the Institute for your perusal.

If you require any further clarification, please do not hesitate to contact us.

Yours faithfully,

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ICAP COMMENTS ON DISCUSSION PAPER 'PRELIMINARY VIEWS ON FINANCIAL STATEMENT PRESENTATION'

The Institute appreciates the opportunity to share our views on the joint Financial Accounting Standards Board ("FASB") and International Accounting Standards Board ("IASB") Discussion Paper titled "Preliminary Views on Financial Statement Presentation (the "proposal")

We are in arrangement of the basic objectives of the proposal however, there are several critical areas where we have significant concerns. We left it imperative to bring those business related aspects to your attention, so that the Accounting Professional Bodies will have the opportunity to consider alternative approaches. We understand that fundamental goal of financial statement presentation is to provide readers with an understanding of the financial position of an entity. Readers should include not just accounting/finance professionals but the board of directors, management of the entities, bankers and ordinary shareholders (masses).

We believe that our current financial statements have become too difficult for lay readers to understand. With the existing format, one of the first questions common readers ask is "What is the difference between "investing" and "financing" cash flow? Making a division between these types of each flows provides little value for a financial statement reader, yet using this financial statement presentation hides other very valuable piece of information. We sincerely oppose the classification of the balance sheet and the income statement by categories because it makes the financial statement imprecise. We see no value-added in piling up the balance sheet and the income statement with detail that a skilled user could calculate on their own, using the information presented in the statements and the notes. For the lay readers, it will only make financial information murkier.

Regarding dis-aggregation, it should be noted that excessive detail can be tiring for smaller companies in the countries like ours. Existing financial statements include lots of new notes with absorbing information that had never previously been seen by anyone in-house. The data did not change the way the company is run, so was irrelevant and costly to produce. Additional disclosure/dis-aggregation would have marginal practical value for our shareholders. Furthermore, the increase in volume of material can be counter-productive, because the important information gets obscured by masses of data. In our opinion we should keep in mind the objectives of conciseness and objectively.

Extensive rough detail can divert attention from the important fundamental issues, Compiling information to give analysts a more complete picture should not be at the expense of companies getting on with their business or confusing shareholders with charming but immaterial detail. Therefore, conciseness can be useful particularly for companies of a smaller size especially in the countries where IT solutions are not that advanced as in the developed countries.

To have Income Statement and Statement of Financial Position comparable to the Statement of Cash Flows would effectively take two financial statements that most users understand and makes them inaccessible to lay readers. Our existing Statement of Financial position is well understood by amateur readers. From that statements, it is easy to identify total assets, total liabilities, total equity and the relationships between these quantities. The proposed new format complications this valuable information for the sake of providing information that is of little value.

We should be attempting to make financial statements easier to understand, not more difficult to understand. The recent proposal to change the Income Statement and Statement of Financial Position indicates that the accounting experts at FASB and IASB are not focused on masses of real world financial statement users.

The Institute humbly expresses our concern that instead of making financial statements simpler and more transparent to its users, we are trying to add more layers of complexity, which will further muddle the ability to truly understand the financial position of an organization with our having an advanced business degree.