

Burlington House, Burlington Road, Dublin 4 Tel. +353 1 637 7200 Fax: +353 1 668 0842 Email. ca@ical.ie Web. www.ical.ie

Project Manager International Accounting Standards Board 1st Floor 30 Cannon Street London EC4M 6XH United Kingdom

LETTER OF COMMENT NO. 181

17 April 2008

Response of the Accounting Committee of the Institute of Chartered Accountants in Ireland Discussion Paper: Preliminary Views on Financial Statement Presentation

Dear Sir/Madam,

The Accounting Committee (AC) of the Institute of Chartered Accountants in Ireland welcomes the opportunity to comment on the proposals contained in the above Discussion Paper (DP). The appendix to this letter provides answers to the detailed questions asked in the document.

AC broadly supports the proposed initiative to improve the financial statement presentation requirements of IFRS in the manner proposed in the DP. AC's view is that the proposal to improve the cohesiveness of the primary statements would greatly enhance the understandability of financial statements.

Important to the success of this proposal is, in AC's view:

- The education process for preparers and users as this initiative progresses. IAS 1 has been in place for a considerable amount of time and the proposals will be a significant change. Consideration might be given to educational briefing sessions on why the change is being proposed and what the requirements will be and also to producing application tools of relevance to various industries (including for example, sample financial statement formats by key industries). Such initiatives would assist in achieving comparability across entities in applying any new proposals. Possibly the IASC Foundation may have a role in these educational initiatives to thereby enhance the smooth transition to any new standard.
- The detailed review of the feedback from field-testing, to ensure that the information produced is meeting user needs and at the same time is practical for preparers to produce.
- The monitoring of the application in 2009 of IFRS 8 Operating Segments will also, in AC's view, be relevant to the development of the DP as the decisions made on the number of reportable segments will have a bearing on how the DP is applied (e.g. in making its decisions on how to classify assets and liabilities).

Two further areas where AC would welcome additional consideration when progressing the discussion paper to exposure draft stage are as follows:







- Given the current practice of many companies using IFRS of separately highlighting, on the face of the Income Statement, unusual or non-recurring transactions, AC would have welcomed more direct consideration of this issue by the IASB in the discussion paper.
- As more fully explained in the response to question 2, AC would also question whether the guidance that IASB
 has provided in determining the classification of items is prescriptive enough for preparers to ensure consistent
 and appropriate application across similar entities, and to ensure that the use of the management approach is
 balanced with the need for comparability.

Finally, AC also notes the global initiative relating to the expanded usage of XBRL. Given this discussion paper will have far-reaching impacts on both the form and content of financial statements, communication with those responsible for the XBRL initiatives would be helpful at an early stage.

Should you w	rish to contact us a	bout any of our commen	ts nlease feel	free to do so

Yours faithfully,

Mark Kenny

Secretary, Accounting Committee

APPENDIX

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.

AC agrees with the objectives of Financial Statement Presentation described in paragraph 2.5 to 2.13. Perhaps the boards should consider a 'significance' test, meaning that where an item amounts to approximately 10% or more of the category of item into which it falls, then it should be disclosed separately from other items in that category.

The boards might also consider linking the proposed objectives of financial statement presentation to the objectives set out in the Conceptual Framework and discuss more fully the linkages, tensions and trade-offs between the different objectives. For example, a discussion on the use of the management approach would be useful and how that impacts on comparability across entities; also how the disaggregation of financial information can impact on the overall understandability of that information.

Finally, AC would welcome consideration by the IASB as to whether it is of the view that it has fully considered the possible risk of 'abuse' of the new management approach. Field-tests may assist in determining whether the guidance as to distinction between business (operating/investing) activities and financing activities is sufficiently clear.

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?

AC agrees that the separation of business activities from financing activities provides more decision-useful information than is provided by financial statement formats today. This is particularly the case in the statement of comprehensive income where users are likely to be interested in understanding performance arising from the main business activities, separate from its financing arrangements.

Related to this, AC has some concerns around the guidance given in paragraph 2.35 that if an entity cannot clearly identify an asset or liability is related to operating, investing or financing, then the entity should presume that it relates to its operating activities. AC is of the view that, in developing an exposure draft, it would be helpful to provide more guidance to preparers to assist them in determining the most appropriate categorisation to use. Such guidance would therefore attempt to ensure that 'passive' investment assets did not inappropriately become included in operating activities, while also ensuring, for example, that loss-making assets/activities were not omitted from operating activities on the basis, for example, that they were non-core.

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?

AC is of the view that equity should be presented as a separate section from the financing section rather than as a subsection of the financing section. This will assist in achieving the cohesiveness objective, i.e. consistent with presenting transactions with owners separately from those with non-owners. However, AC would also note the importance of ensuring that the ongoing discussions in the Equity versus Liability project be monitored to ensure both projects are considered in tandem in reaching a final position on this item.

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?

AC believes that the presentation proposed for discontinued operations in a separate section is the most appropriate presentation. Since discontinued operations will not form part of the future operations of the business, it appears more appropriate to identify them separately regardless of whether they are related to operating, investing or financing.

The additional classification guidance (paragraph 2.41) notes that changes in an entity's classification policy should be implemented by way of retrospective application, but where an asset or liability usage may change over time further consideration is needed in terms of dealing with these items. For example, a non-core activity might become a core (and therefore move from, say, investing to operating). Equally, AC considers that further consideration would be needed by the boards in relation to an operation becoming discontinued in the year, including the issue of the presentation of comparatives.

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?

While in general AC supports the use of the management approach in the classification of assets and liabilities, AC is of the view that it is important to specifically address reportable segments that are solely internal segments to the group. For example, a large group may well have a treasury operation which exists solely to manage the financing activities of the group as a whole. Other large groups may also have an insurance subsidiary that handles all insurance claims made on the group by third parties. Either the treasury segment or the insurance segment might well have significant financing assets that are being managed in order to generate returns which will then be used to settle either financing liabilities or insurance claims. AC does not believe that the fact that the structuring by a group of its operations in such a way should lead to these assets being treated as operating assets; this is because, in AC's view the assets are more in the nature of financing/investing assets.

Therefore, AC believes that the decision as to whether the assets are operating, investing or financing should be taken from the perspective of the group as a whole and not just from the perspective of the single reportable segment.

Following on with the insurance example above, if one considers the situation where a company has a subsidiary handling its insurance claims, the insurance liability is probably an operating liability. However, if its surplus assets have been set aside to meet those claims, AC would suggest that these assets meet the definition of investing assets rather than operating assets. The discussion paper, therefore, might usefully address these internal reportable segments and require, as notes, that groups assess the function of assets and liabilities of these segments in the context of the group as a whole.

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?

AC is of the view that the assets and liabilities being presented either in a business section or financing section enhances the understandability of the financial statements for users.

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.

As highlighted above, AC sees that it is important to consider internal reporting segments when deciding on the classification of assets and liabilities. Paragraph 2.34 states that certain assets may well be treated differently by entities in a manufacturing business than very similar assets would be treated in a financial services entity and AC concurs with that. However, as explained earlier, AC has concerns that a manufacturing company with an internal treasury department might then seek to treat certain assets as being, perhaps, operating assets because they are operating assets at the treasury segment level. Therefore AC believes that it is critical that an overview is taken of the group as a whole in order to ensure that internally focused segments are treated appropriately for the purposes of the group financial statements.

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.

In relation to segment disclosure, AC notes that IFRS 8 only requires disclosure of information if it is reported to the Chief Operating Decision Maker (CODM). This may mean that a limited number of line items that appear in the primary financial statements will correspond exactly to information provided to the CODM. Therefore, AC believes that it may be necessary for the boards to restrict mandatory segment disclosure of assets to those that are treated as operating assets. In many entities, investing in financing assets may either be a separate reporting segment or may not be capable of being allocated to separate segments. However, if they were capable of being analysed across the segments, then the entities should do this but they should disclose them separately.

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?

AC believes that the discussion regarding the business section and how to identify operating and investing categories within this section appears appropriate. However, it looks forward to reviewing the feedback from the field-tests as it is only through seeing this application in practice that it will be feasible to assess the 'useability' of the guidance in practice.

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?

AC has concerns that this restriction appears to conflict with the discussion paper's overall management approach to defining categories. In particular, in AC's view, the apparent requirement to exclude any defined benefit pension obligation requires further consideration.

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?
- (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?

AC believes that, predominantly, financial services entities and investment company entities should be permitted to disclose a financial position statement in order of liquidity and that the guidance as drafted is appropriate.

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?

AC agrees that it is more appropriate to show cash equivalents as short term investments rather than as part of cash. It will be important to ensure that, in order to allow users to assess financial liquidity, specific disclosures are required relating to the maturities of financial assets.

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?

AC believes that it will generally be appropriate to require items that are measured on different bases to be disclosed separately on the face of the primary financial statements. However, that conclusion was reached mainly on consideration of financial assets and financial liabilities. AC then considered whether it was intended that the proposal would apply to non-financial assets, such as property, plant and equipment (PP&E). At present, companies that carry their buildings on a fair value basis may carry plant and equipment on a depreciated cost basis. AC was less certain as to whether it would be necessary (or that the boards intended) to separate out these elements of PP&E on the face of the statement of financial position and would welcome consideration of this in advance of the issuing of the exposure draft.

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?

AC had mixed views on whether it is appropriate to move to a single statement of comprehensive income as proposed, favouring the single statement to some extent in the interest of comparability across entities. As regards the disclosure of profit or loss or net income, AC believes that it is important to continue to show this total; in addition AC would also suggest in paragraph 3.36 that income on continuing operations should be a required disclosure item.

The boards might also consider, in developing the discussion paper into an exposure draft, dealing with the presentation of Other Comprehensive Income (OCI) items and the recycling of such OCI items into net income. AC would suggest that consideration be given to the separate presentation of recycled amounts so that the users can better understand the

movements of items within this single primary statement. However, as this would give rise to increased complexity, it may be better to address the recycling just in the notes to the financial statements.

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?

AC agrees with the proposed requirement to show the category to which items of other comprehensive income relate as this will improve the cohesiveness between primary statements. In particular, it would be helpful (i) to ensure an analysis of other comprehensive income items that relate to joint ventures and associates was presented and (ii) to provide for separate identification of discontinued operations items included in other comprehensive income.

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?

AC supports the increased level of disaggregation of items relating to the statement of comprehensive income, but there was some concern expressed as to whether including all of this detail on the face of the statement might lead to too much 'clutter'. However, AC would welcome the consideration of any feedback obtained from field-testing to better understand the costs and benefits. Such field-testing would hopefully address whether, in order to avoid having an excessive level of disaggregation on the face of the statement, some of the analysis might instead be given by way of note disclosure.

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.

On balance, AC would prefer a disclosure of tax which comprised of tax on continuing operations in the net income or profit and loss part of the comprehensive income statement. AC notes that, while further allocation between business and financing might be useful, it would likely necessitate allocations which would then be somewhat arbitrary and/or complex to determine.

In addition, AC notes that it would be helpful if the results of joint ventures and associates were included on a pre-tax basis in profit before tax, with the related tax charge being included in the tax line, rather than including the after-tax results of these investments in pre-tax profit.

AC would welcome seeing (i) tax allocated to discontinued operations in the discontinued operations section and (ii) tax allocated to other comprehensive income in the other comprehensive income section. AC would not support showing the discontinued operation and other comprehensive income elements on an after-tax basis; AC is of the view that it would be preferable if the tax was shown as a separate item and then analysed in the notes explaining to which of the various items going through the statement it relates.

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?

AC would be happy with presenting the gains and losses relating to foreign currency transactions in the section and category to which the transactions relate. However, AC is of the view that it would be unnecessarily onerous to require the currency translation gain arising on the translation of the foreign operation to be allocated to the various sections/categories in the statement of comprehensive income.

Question 19: Paragraph 3.75 proposes that an entity should use a direct method of presenting cash flows in the statement of cash flows.

- (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 cohesiveness 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?

AC is broadly supportive of the direct method of presenting cash flows and also the provision, in the notes, of a reconciliation between operating cash flows and operating profit. This is likely to be helpful in achieving the cohesiveness and disaggregation objectives and be beneficial for that reason. However, AC would expect that there may be substantial initial and ongoing costs involved for preparers and that the results of field-testing should be taken into account in reaching a final position as to whether this proposed approach is feasible and of sufficient value to users. AC is of the view that the direct method will pose particular difficulties for groups with foreign operations (and therefore a number of functional currencies); AC also expects that certain more complex entities in the financial sector will find it costly to gather the necessary 'direct method' information.

AC believes it would be helpful to users to have the reconciliation referred to in (c) above in the notes to the financial statements.

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?

AC has no specific comments on this question other than to note that the boards' proposals to discuss the costs and benefits with users and preparers is to be welcomed to ensure that the suggested approach is feasible and helpful to users.

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?

In relation to basket transactions identified in question 21, AC believes that they should be presented without allocation in the income statement and in the cash flow statement. However, AC believes that they are a form of investing activity

rather than an operating activity. While many acquisitions and disposals are acquisition and disposals of an operating entity, AC does not see that buying and selling operating companies is necessarily part of the operations of the company even though the assets and liabilities themselves may be operating assets and liabilities. It is only where the company's main activities is a venture capital type of activity that selling and buying other operations is likely to be an actual operating activity of the company. In general, AC believes it is more appropriate to classify investments in subsidiaries (or operating entities) and disinvestments out of subsidiaries (or operating entities) in the investing section of both the income statement and statement of cash flow and that, unless immaterial, they should be provided as separate line items.

The boards have not asked a question on the statement of changes in equity. However, AC believes that consideration should be given to showing the change in each component of equity on a gross basis and then identifying at the end of the period, the amount of each component that is attributable to the parent and to the non-controlling interest. AC also believes that it would add to users understanding of financial position of an entity if the amount of each component of equity that belonged to joint ventures and associates was separately identified. If this approach is adopted in the statement of changes in equity, it would then be necessary to require an analysis of movement in non-controlling interest from the beginning of the year to the end of the year.

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?

AC agrees that there should be information presented about the maturity of the short-term contractual assets and liabilities of entities and that all entities should present this information, not just those that present their balance sheet in order of liquidity. Such disclosures will be useful to users in predicting cash flows.

AC considers that the proposed note disclosures, in paragraphs 4.7 to 4.15, in relation to 'Contractual maturity schedules' appear, at least in part, to overlap with pre-existing disclosure requirements of IFRS 7. IFRS 7 has detailed requirements in relation to liquidity and therefore, in AC's view, it would helpful for preparers if the exposure draft only addressed the principles of financial statement presentation (i.e. what is in paragraphs 4.7 and 4.8) that will replace IAS 1, with any additional more detailed disclosure requirement being included in IFRS 7.

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.

AC is supportive of the reconciliation approach proposed but there were real concerns on the potential costs that might be involved. AC therefore looks forward to reviewing the feedback from field-tests to better assess the feasibility of the approach being proposed.

In terms of the reconciliation itself, it may well be difficult to arrive at consistent classification of items between the various components within the reconciliation schedule. For example, looking at paragraph 4.45 (e), this states that changes from foreign currency translation adjustments are not recurring remeasurements. However, given that a foreign

operation has to be translated each year in order to include it in the financial statements of the parent, AC believes that this foreign currency translation adjustment is a recurring item.

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?

AC has no specific comments to make on this question other than it would appear appropriate to conduct research to see if there is a demand from users for this further disaggregation.

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?

AC would welcome clarification by the IASB of the purpose and objective of reconciliation schedules as this will then assist in the selection of the most appropriate reconciliation to include in the proposed standard. If this results in a single most appropriate reconciliation requirement for use by all entities, then AC would not see it necessary to also include additional/optional disclosure formats.

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?

As noted in the cover letter, given the widespread highlighting of unusual or infrequent items in IFRS financial statements, AC is of the view that it would have been helpful to have this issue addressed more directly by the IASB in this discussion paper.

Regarding the specific points raised in question 26, AC is not opposed to the FASB proposal as it provides additional useful information to users of financial statements. AC believes it is important to include a definition of unusual and infrequent in the final document, which would then be applied consistently by an entity and across entities to ensure comparability. AC is supportive of the language used in Opinion No. 30.

Question 27: As noted in paragraph 1.18(c), the FASB has not yet considered the application of the proposed presentation model to non-public entities. What issues should the FASB consider about the application of the proposed presentation model to non-public entities? If you are a user of financial statements for a non-public entity, please explain which aspects of the proposed presentation model would and would not be beneficial to you in making decisions in your capacity as a capital provider and why.

AC has no particular comment on the issue from the US GAAP perspective. However it would draw the boards' attention to the position that will exist under IFRS if the Discussion Paper's proposals proceed. It will result in a significant difference in approach for public interest entities when compared to non-public entities. Therefore, in the longer term, AC is of the view that it would be difficult to have two entirely different presentation approaches when one compares public to non-public entities.