

14 July 2006

IAS 1 Amendments  
International Accounting Standards Board  
30 Cannon Street  
London EC4M 6XH  
United Kingdom

*(By email: [CommentLetters@iasb.org](mailto:CommentLetters@iasb.org))*

Dear Sir/Madam,

**RESPONSE TO EXPOSURE DRAFT OF PROPOSED AMENDMENTS TO  
IAS 1 *PRESENTATION OF FINANCIAL STATEMENTS* - A REVISED  
PRESENTATION**

1. We are writing to provide our comments on the Exposure Draft (ED) of Proposed Amendments to IAS 1 *Presentation of Financial Statements* - A Revised Presentation issued by the International Accounting Standards Board (IASB) in March 2006.

**2. We are supportive of the IASB's project to converge with US GAAP. However, we have concerns over the proposed amendments to IAS 1. Other than the proposal to segregate owner changes in equity from non-owner changes in equity, the rest do not appear to significantly improve financial reporting.**

3. Our comments below address the specific questions set out in the "Invitation to Comment" section of the ED. We have received comments from some of the Singapore constituents which include banks, an academic institution and the stock exchange. Constituents' comments are reflected in our responses below.

**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?*

**We are of the view that the change is not necessary. The present titles are well understood and proposed titles do not make them clearer or better.**

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?*

**We do not think it is necessary for a statement of financial position as at the beginning of the period to be part of a complete set of financial statements and that an entity presenting comparative information should present three statements of financial position in its financial statements. We are of the view that financial positions as at the end of the preceding financial period or corresponding financial period would serve as more useful comparatives.**

### **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 (i.e. ‘owner changes in equity’) separately from other changes in equity (i.e. ‘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’?*

**We agree that non-owner changes in equity should be referred to as ‘recognised income and expense’ for the reasons stated in the Basis for Conclusions. We believe terminology used in the Standard is important, and ‘recognised income and expense’ appears appropriate.**

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

**We agree that that all non-owner changes in equity (i.e. components of recognised income and expense) should be presented separately from owner changes in equity. However, we are of the view that the current requirements in IAS 1 already achieved the same objective and a change is not necessary.**

**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?*

**We are of the view that for comparability and consistency, there should only be one option for the requirement to present components of recognised income and expense. However, if entities are given two alternatives, they should be required to use the same option consistently from period to period.**

## **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 agree with the proposal.**

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 agree with the proposal.**

## **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?***

**We agree with the proposal.**

4. Should you require any further clarification, please contact Mr Ramchand Jagtiani, Deputy Director, at the Institute of Certified Public Accountants of Singapore via email at [jagtiani@icpas.org.sg](mailto:jagtiani@icpas.org.sg). Thank you.

Yours sincerely,

Derek How  
Secretary, CCDG