



14 April 2009

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

(By online submission)

Dear Sir

RESPONSE TO DISCUSSION PAPER - PRELIMINARY VIEWS ON FINANCIAL STATEMENT PRESENTATION

The Accounting Standards Council (ASC) appreciates the opportunity to comment on this Discussion Paper. We enclose our following comments.

2. We agree with cohesiveness as one of the main objectives for financial statement presentation.
3. However, we disagree with the disaggregation objective. Though we do not disagree that information disaggregated would be useful in assessing the amount, timing and uncertainty of future cash flows, however, a balance of disaggregation has to be struck between the benefits it brings to the users of financial statements vis-à-vis the cost to the reporting entities and such cost are not necessarily constrained to the cost of preparation of the financial statements. An example of such costs facing reporting entities may be the release of too granular an amount of information that would erode its competitive advantage.
4. In addition, disaggregation of information may not necessarily result in decision-useful information. In our view, disaggregating information in the financial statements may result in information becoming less concise, financial statements cluttered with too much information and as a result, becomes difficult to comprehend.
5. Furthermore, we are not convinced of the decision-usefulness of the proposed schedule in the notes to financial statements that reconciles cash flows to comprehensive income and disaggregates comprehensive income into four components. The pervasive amount of such additional disaggregated information would be onerous on financial statements preparation and have to be weighed against the additional information that users of financial statements will obtain

6. We strongly encourage the IASB to conduct an extensive field test in which reporting entities and the users of financial statements are consulted on the proposals before developing the proposals into an exposure draft.

As single choice of presentation for comparability of financial statements

7. In addition, we noted that the proposals have moved to a single presentation format choice for both the statements of comprehensive income (i.e. single statement of comprehensive income) and cash flows (i.e. a direct method of presenting cash flows) whereas the proposals for the statement of financial position caters for two presentation formats (i.e. short-term and long-term subcategories for assets and liabilities vis-à-vis presenting assets and liabilities in order of liquidity).

8. We do not disagree that there may be scenarios where a presentation of assets and liabilities in order of liquidity would provide information that is more relevant. However, such usefulness of the information on a single reporting entity level perspective should be weighed against the negative externality of reducing comparability across statements of financial positions presented in different presentation formats.

9. We recommend that the IASB consider removing the option to present assets and liabilities in order of liquidity on the face of the statement of financial position. If reporting entities are of the view that such a manner of presentation conveys relevant information, this should be presented in the notes to financial statements.

10. Moreover, we noted that paragraph 4.7 in the DP states that “An entity that presents its assets and liabilities in order of liquidity in the statement of financial position should present information about the maturities of its short-term contractual assets and liabilities in the notes to financial statements.” We agree that the disclosure of contractual maturity of short-term assets and liabilities is important if a reporting entity presents its assets and liabilities in order of liquidity. However, this then brings up an interesting situation for the presentation of the statement of financial position.

11. For reporting entities opting for the classified statement of financial position (short-term and long-term subcategories for assets and liabilities), it need not present information about the maturities of its short-term contractual assets and liabilities in the notes to financial statements as the information on the maturities of its short-term contractual assets and liabilities would be inherent in its subcategorisation into short-term or long-term.

12. On the other hand, reporting entities opting to present assets and liabilities in order of liquidity on the face of the statement of financial position, would have to disclose information about the maturities of its short-term contractual assets and liabilities in the notes to financial statements. Though it enhances the relevancy of information on a reporting entity level, it reduces comparability of statements of financial position across reporting entities.

13. We are of the view that relevant and decision useful information (i.e. order of liquidity of assets and liabilities) that is more pertinent to the reporting entity itself such be disclosed in the notes to the financial statements, the four primary financial statements should

be leveraged upon for users to compare financial information across reporting entities in a consistent and unambiguous manner.

14. Should you require any further clarification, do contact me. Thank you.

Yours faithfully,

Dexter Tan
Secretary, Accounting Standards Council