



香港華人會計師公會
The Society of Chinese Accountants & Auditors



2 September 2020

The Chairman
Financial Reporting Standard Committee
Hong Kong Institute of Certified Public Accountants
37th Floor, Wu Chung House
213 Queen's Road East
Wanchai
Hong Kong

Dear Sir,

Invitation to comment on IASB Exposure Draft ED/2019/7
General Presentation and Disclosures

We, The Society of Chinese Accountants and Auditors ('SCAA') and Accountancy Caring Alliance ('ACA'), would like to provide our views on the captioned subject which are based on the feedbacks of questionnaires from participants of a forum that was jointly held by us on 28 August 2020 as follows:

Q1 Do you agree with the proposal of the Exposure Draft "General Presentation and Disclosures" (ED) published by the International Accounting Standards Board (IASB or Board) in December 2019 that all entities present in the statement of profit or loss a subtotal for operating profit or loss? (ED.60(a) and BC53)

We received around 86% (98 out of 113) of the responded feedback on agreeing with the above proposal.

Q1a If not agree, any suggested alternative approach?

Please refer to the questionnaire summary as attached in Appendix 1.



Q2 Do you agree with the ED proposal that entities classify in the operating category all income and expenses not classified in the other categories, such as the investing category or the financing category? (Refer to ED.46 and BC54–BC57)

We received around 83% (95 out of 114) of the responded feedback on agreeing on classifying in the operating category all income and expenses not classified in the other categories.

Q2a If not agree, any suggested alternative approach?

Please refer to the questionnaire summary as attached in Appendix 1.

Q3 Do you agree with the ED proposal that an entity classifies in the operating category income and expenses from investments made in the course of the entity's main business activities? (Refer to ED.48 and BC58–BC61)

We received around 84% (95 out of 113) of the responded feedback on agreeing on classification in the operating category income and expenses from investments made in the course of the entity's main business activities.

Q3a If not agree, any suggested alternative approach?

Please refer to the questionnaire summary as attached in Appendix 1.

Q4 Do you agree with the ED proposal that an entity that provides financing to customers as a main business activity classify in the operating category either: income and expenses from financing activities, and from cash and cash equivalents, that relate to the provision of financing to customers; or all income and expenses from financing activities and all income and expenses from cash and cash equivalents? (Refer to ED.51 and BC62–BC69)

We received around 80% (89 out of 111) of the responded feedback on agreeing with the above proposal.



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Q4a If not agree, any suggested alternative approach?

Please refer to the questionnaire summary as attached in Appendix 1.

Q5 Do you agree with the ED proposal that an entity classifies in the investing category income and expenses (including related incremental expenses) from assets that generate a return individually and largely independently of other resources held by the entity, unless they are investments made in the course of the entity's main business activities? (Refer to ED. 47–48 and BC48–BC52)

We received around 83% (94 out of 113) of the responded feedback on agreeing with the above proposal.

Q5a If not agree, any suggested alternative approach?

Please refer to the questionnaire summary as attached in Appendix 1.

Q6 Do you agree with the ED proposals (a) that all entities, except for some specified entities, present a profit or loss before financing and income tax subtotal in the statement of profit or loss? (ED.60(c) and 64)(b) which income and expenses an entity classifies in the financing category? (Refer to ED.49 and BC33–BC45)

We received around 82% (93 out of 113) of the responded feedback on agreeing with the above proposal.

Q6a If not agree, any suggested alternative approach?

Please refer to the questionnaire summary as attached in Appendix 1.



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Q7 Do you agree with the ED proposals(a) that IFRS 12 would be amended to define ‘integral associates and joint ventures’ and ‘non-integral associates and joint ventures’; and require an entity to identify them? (IFRS 12 ED.20A–20D)(b) that an entity present in the statement of profit or loss a subtotal for operating profit or loss and income and expenses from integral associates and joint ventures? (ED.60(b))(c) that IAS 7 and IFRS 12 would be amended to require an entity to provide information about integral associates and joint ventures separately from non-integral associates and joint ventures? (Refer to ED.53, 75(a), 82(g)–82(h), BC77–BC89 and BC205–BC213, IAS 7 ED.38A and IFRS 12 ED.20E)

We received around 68% (76 out of 112) of the responded feedback on agreeing with the above proposal.

Q7a If not agree, any suggested alternative approach?

Please refer to the questionnaire summary as attached in Appendix 1.

Q8 Do you agree with the ED proposals that (a) set out the proposed description of the roles of the primary financial statements and the notes? (b) set out principles and general requirements on the aggregation and disaggregation of information? (Refer to ED.20–21, 25–28 and BC19–BC27)

We received around 79% (90 out of 114) of the responded feedback on agreeing with the above proposal.

Q8a If not agree, any suggested alternative approach?

Please refer to the questionnaire summary as attached in Appendix 1.



Q9 Do you agree with the ED proposals to have requirements and application guidance to help an entity to decide whether to present its operating expenses using the nature of expense method or the function of expense method of analysis? And requiring an entity (that provides an analysis of its operating expenses by function in the statement of profit or loss) to provide an analysis using the nature of expense method in the notes? (Refer to ED.68, 72, B45 and BC109–BC114)

We received around 65 % (74 out of 113) of the responded feedback on agreeing with the above proposal.

Q9a If not agree, any suggested alternative approach?

Please refer to the questionnaire summary as attached in Appendix 1.

Q10 Do you agree with the ED proposals (a) to introduce a definition of ‘unusual income and expenses’? (ED.100)(b) to require all entities to disclose unusual income and expenses in a single note? (ED.101)(c) to have application guidance to help an entity to identify its unusual income and expenses? (Refer to ED.B67–B75)(d) what information should be disclosed relating to unusual income and expenses? (Refer to ED. 101(a)–101(d) and BC122–BC144)

We received around 64 % (72 out of 112) of the responded feedback on agreeing with the above proposal.

Q10a If not agree, any suggested alternative approach?

Please refer to the questionnaire summary as attached in Appendix 1.



Q11 (a) ED.103 proposes a definition of ‘management performance measures’. (b) ED.106 proposes requiring an entity to disclose in a single note information about its management performance measures. (c) ED.106(a)–106(d) propose what information an entity would be required to disclose about its management performance measures. (ED.BC145–BC180 describe the reasons for the proposals and discuss approaches that were considered but rejected) Do you agree that information about management performance measures as defined by the Board should be included in the financial statements?

We received around 70% (78 out of 112) of the responded feedback on agreeing with the above proposal.

Q11a Do you agree with the proposed disclosure requirements for management performance measures?

We received around 72% (77 out of 107) of the responded feedback on agreeing with the above proposal.

Q11b If not agree, any suggested alternative approach?

Please refer to the questionnaire summary as attached in Appendix 1.

Q12 ED.BC172–BC173 explain why the IASB has not proposed requirements relating to EBITDA. Do you agree?

We received around 81% (89 out of 110) of the responded feedback on agreeing on the explanation about why the IASB has not proposed requirements relating to EBITDA.

Q12a If not agree, any suggested alternative approach?

Please refer to the questionnaire summary as attached in Appendix 1.



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Q13 Do you agree with the ED proposals that(a) IAS 7 ED.18(B) would be amended to require operating profit or loss to be the starting point for the indirect method of reporting cash flows from operating activities? (Refer to IAS 7ED.18(b))(b) IAS 7 ED.33A and 34A–34D would be amended to specify the classification of interest and dividend cash flows? (ED.BC185–BC208 describe the reasons for the proposals and discusses approaches that were considered but rejected)

We received around 75% (82 out of 109) of the responded feedback on agreeing with the above proposal.

Q13a If not agree, any suggested alternative approach?

Please refer to the questionnaire summary as attached in Appendix 1.

Q14 Do you have any other comments on the ED proposals, including the analysis of the effects (Refer to ED.BC232–BC312, including Appendix) and ED Illustrative Examples?

Please refer to the questionnaire summary as attached in Appendix 1.

A detailed summary of the feedback on questionnaires of the forum participants is attached in Appendix 1 for your kind reference.

SCAA is an incorporated body of professional accountants in Hong Kong established since 1913. There were less than a hundred members 50 years ago and about half thousand members 10 years ago. Nowadays, SCAA has over 1,000 ordinary members who are practicing accountants and representing a significant number of practicing firms of accountants, most of which are small and medium sized, in Hong Kong.



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ACA has been launched by Accounting Development Foundation during the Coronavirus outbreak and has got supports from over 100 accountants and accountancy entities, including The Society of Chinese Accountants and Auditors, Hong Kong Business Accountants Association, and Finance and Accounting Professional Committee of The Hong Kong Chinese Enterprise Association. ACA works together with the accounting profession and aims at projecting positive attitude and energy into the profession and the community through various activities and voluntary work, and actively supporting and voicing out for the basic level and disadvantaged groups.

Should you wish to further discuss the issues in more details, please do not hesitate to contact SCAA at 2869 6680 or ACA at 2811 8776.

Yours faithfully,

Lam Chi Yuen, Nelson
Executive Chairman
Accountancy Caring Alliance

Wong Chun Sek, Edmund
President
The Society of Chinese Accountants & Auditors

Questionnaire Summary of General Presentation and Disclosures

Enrolment: 223

Respondents: 115

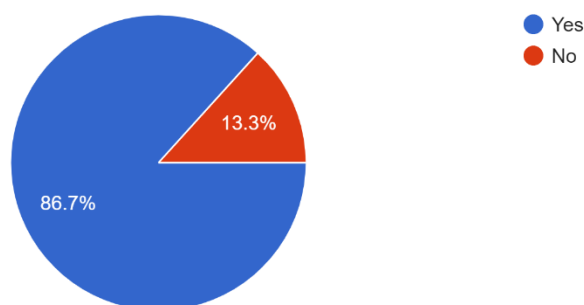
Respondent Rate: 51.5%

1. Do you agree with the proposal of the Exposure Draft “General Presentation and Disclosures” (ED) published by the International Accounting Standards Board (IASB or Board) in December 2019 that all entities present in the statement of profit or loss a subtotal for operating profit or loss? (ED.60(a) and BC53)

- Yes
- No

Yes	98
No	15
Total	113

1. Do you agree with the proposal of the Exposure Draft “General Presentation and Disclosures” (ED) published by the International Accounting Stan... for operating profit or loss? (ED.60(a) and BC53)
113 則回應



1a. If not agree, any suggested alternative approach?

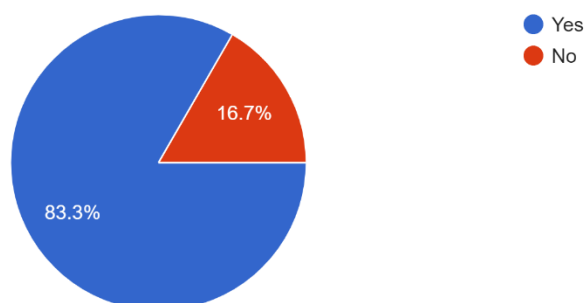
1. Keep no change
2. as before
3. Keep the existing format
4. Disclosed in the notes in the ac and can be more detailed
5. Stay same as current
6. Existing will be ok
7. It is difficult to say what is operating activity

2. Do you agree with the ED proposal that entities classify in the operating category all income and expenses not classified in the other categories, such as the investing category or the financing category? (ED.46 and BC54–BC57)

- Yes
- No

Yes	95
No	19
Total	114

2. Do you agree with the ED proposal that entities classify in the operating category all income and expenses not classified in the other categories, ... or the financing category? (ED.46 and BC54–BC57)
114 則回應



2a. If not agree, any suggested alternative approach?

1. Keep no change
2. As before
3. Keep the existing format.
4. Not helping the investors to understand. It defeated The sour of segment Reporting
5. Stay same as current
6. Very confusing
7. For company having investment, it is one of the main business, should be operating instead
8. Financing charge should disclosed separately. Otherwise, modern finance theory such as gearing can not ce presented.

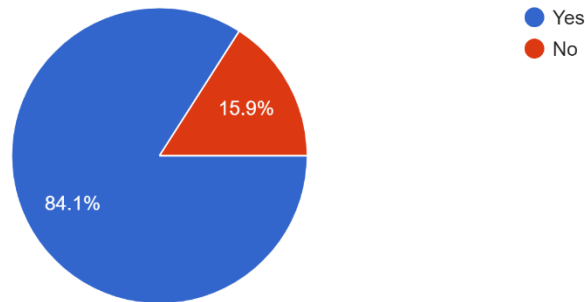
3. Do you agree with the ED proposal that an entity classifies in the operating category income and expenses from investments made in the course of the entity's main business activities? (ED.48 and BC58–BC61)

- Yes
- No

Yes	95
No	18
Total	113

3. Do you agree with the ED proposal that an entity classifies in the operating category income and expenses from investments made in the course of ... main business activities? (ED.48 and BC58–BC61)

113 則回應



3a. If not agree, any suggested alternative approach?

1. Keep no change
2. as before
3. Keep simply
4. Stay same as current
5. It is not easy to separate that.
6. separately disclose. If main activity is investment, it can be included together.

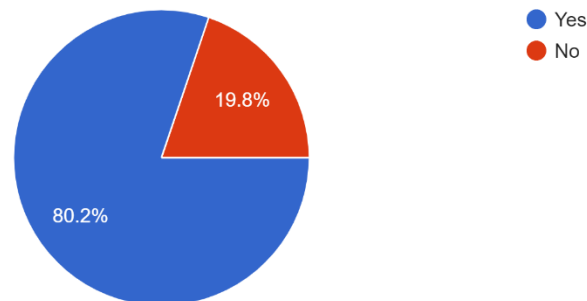
4. Do you agree with the ED proposal that an entity that provides financing to customers as a main business activity classify in the operating category either:• income and expenses from financing activities, and from cash and cash equivalents, that relate to the provision of financing to customers; or• all income and expenses from financing activities and all income and expenses from cash and cash equivalents? (ED.51 and BC62–BC69)

- Yes
- No

Yes	89
No	22
Total	111

4. Do you agree with the ED proposal that an entity that provides financing to customers as a main business activity classify in the operating categ... cash and cash equivalents? (ED.51 and BC62–BC69)

111 則回應



4a. If not agree, any suggested alternative approach?

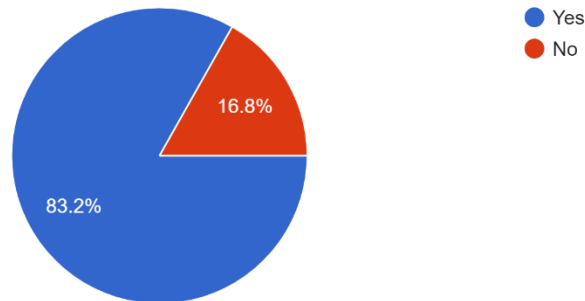
1. Keep no change
2. As before
3. Stay same as current
4. For security firm and money lending business, it should be operating activity
5. Difficult to quantify
6. Those related customer should classified as operating category.

5. Do you agree with the ED proposal that an entity classifies in the investing category income and expenses (including related incremental expenses) from assets that generate a return individually and largely independently of other resources held by the entity, unless they are investments made in the course of the entity’s main business activities? (ED. 47–48 and BC48–BC52)

- Yes
- No

Yes	94
No	19
Total	113

5. Do you agree with the ED proposal that an entity classifies in the investing category income and expenses (including related incremental expenses...n business activities)? (ED. 47–48 and BC48–BC52)
113 則回應



5a. If not agree, any suggested alternative approach?

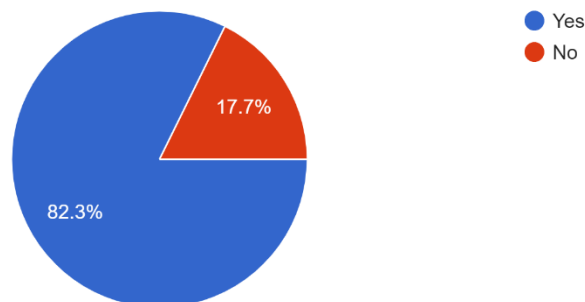
1. Keep no change
2. as before
3. Stay same as current

6. Do you agree with the ED proposals(a) that all entities, except for some specified entities, present a profit or loss before financing and income tax subtotal in the statement of profit or loss? (ED.60(c) and 64)(b) which income and expenses an entity classifies in the financing category? (ED.49 and BC33–BC45)

- Yes
- No

Yes	93
No	20
Total	113

6. Do you agree with the ED proposals(a) that all entities, except for some specified entities, present a profit or loss before financing and inco... in the financing category? (ED.49 and BC33–BC45)
113 則回應



6a. If not agree, any suggested alternative approach?

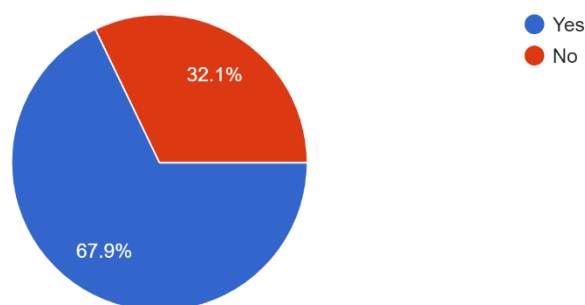
1. Keep no change
2. as before
3. Stay same as current

7. Do you agree with the ED proposals(a) that IFRS 12 would be amended to define ‘integral associates and joint ventures’ and ‘non-integral associates and joint ventures’; and require an entity to identify them? (IFRS 12 ED.20A–20D)(b) that an entity present in the statement of profit or loss a subtotal for operating profit or loss and income and expenses from integral associates and joint ventures? (ED.60(b))(c) that IAS 7 and IFRS 12 would be amended to require an entity to provide information about integral associates and joint ventures separately from non-integral associates and joint ventures? (ED.53, 75(a), 82(g)–82(h), BC77–BC89 and BC205–BC213, IAS 7 ED.38A and IFRS 12 ED.20E)

- Yes
 No

Yes	76
No	36
Total	112

7. Do you agree with the ED proposals(a) that IFRS 12 would be amended to define ‘integral associates and joint ventures’ and ‘non-integral ...and BC205–BC213, IAS 7 ED.38A and IFRS 12 ED.20E)
 112 則回應



7a. If not agree, any suggested alternative approach?

1. Keep no change
2. As before
3. Too complicated to handle for separation
4. Can be disclosed in notes to ac if required
5. It's difficult to differentiate them.
6. Too much judgemental elements
7. Arbitration is a problem
8. Remains unchanged

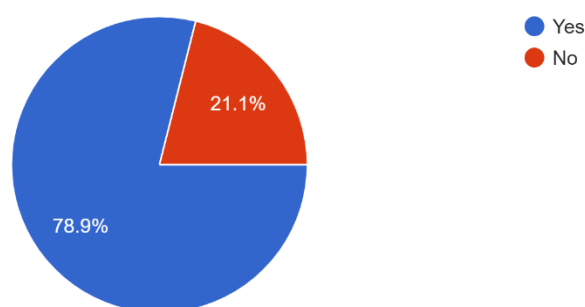
- 9. May not be useful to readers
- 10. Keep using the existing method for presentation.

8. Do you agree with the ED proposals that(a) set out the proposed description of the roles of the primary financial statements and the notes?(b) set out principles and general requirements on the aggregation and disaggregation of information? (ED.20–21, 25–28 and BC19–BC27)

- Yes
- No

Yes	90
No	24
Total	114

8. Do you agree with the ED proposals that(a) set out the proposed description of the roles of the primary financial statements and the notes?(b) s... of information? (ED.20–21, 25–28 and BC19–BC27)
114 則回應



8a. If not agree, any suggested alternative approach?

- 1. Keep no change
- 2. as before
- 3. Must include other category
- 4. Too cumbersome and does not help
- 5. It is confusing

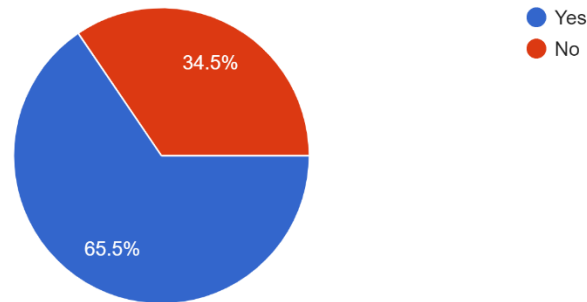
9. Do you agree with the ED proposals to have requirements and application guidance to help an entity to decide whether to present its operating expenses using the nature of expense method or the function of expense method of analysis? And requiring an entity (that provides an analysis of its operating expenses by function in the statement of profit or loss) to provide an analysis using the nature of expense method in the notes? (ED.68, 72, B45 and BC109–BC114)

- Yes
- No

Yes	74
No	39
Total	113

9. Do you agree with the ED proposals to have requirements and application guidance to help an entity to decide whether to present its operating ...od in the notes? (ED.68, 72, B45 and BC109–BC114)

113 則回應



9a. If not agree, any suggested alternative approach?

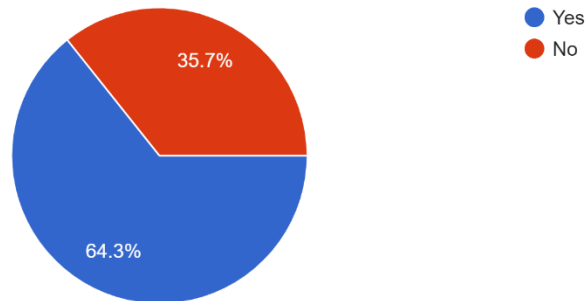
1. Keep no change
2. Overlapping of information and cause confusion to users
3. As before
4. Using current practice
5. Seems too complicated
6. Stay same as current
7. Redundant presentation
8. Too complicated
9. Each companies has its own way of classification, users cannot compare among each other anyway
10. Either one presentation

10. Do you agree with the ED proposals(a) to introduce a definition of ‘unusual income and expenses’? (ED.100)(b) to require all entities to disclose unusual income and expenses in a single note? (ED.101)(c) to have application guidance to help an entity to identify its unusual income and expenses? (ED.B67–B75)(d) what information should be disclosed relating to unusual income and expenses? (ED. 101(a)–101(d) and BC122–BC144)

- Yes
- No

Yes	72
No	40
Total	112

10. Do you agree with the ED proposals(a) to introduce a definition of ‘unusual income and expenses’? (ED.100)(b) to require all entities to ... and expenses? (ED. 101(a)–101(d) and BC122–BC144)
112 則回應



10a. If not agree, any suggested alternative approach?

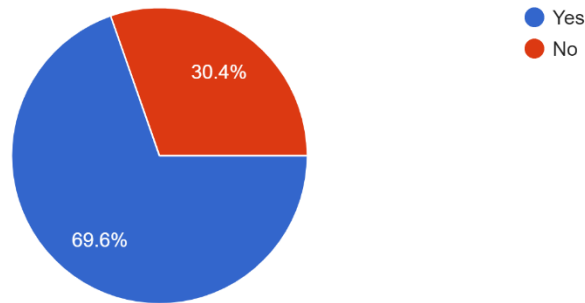
1. Keep no change
2. Unusual issues regularly turns to usual depending on situation. Too judgemental to cause confusion to the user
3. Using current practice
4. Hard to have a consistent agreement on what the usual items are.
5. Add note to explain the unusual items.
6. need more discussion on guidance note
7. It is not easy to make conclusion on what is unusual.
8. No need to identify usual and unusual.

11. (a) ED.103 proposes a definition of ‘management performance measures’.(b) ED.106 proposes requiring an entity to disclose in a single note information about its management performance measures.(c) ED.106(a)–106(d) propose what information an entity would be required to disclose about its management performance measures. (ED.BC145–BC180 describe the reasons for the proposals and discuss approaches that were considered but rejected)Do you agree that information about management performance measures as defined by the Board should be included in the financial statements?

- Yes
 No

Yes	78
No	34
Total	112

11. (a) ED.103 proposes a definition of 'management performance measures'.(b) ED.106 proposes requiring an entity to disclose in a single note information that should be included in the financial statements?
112 則回應

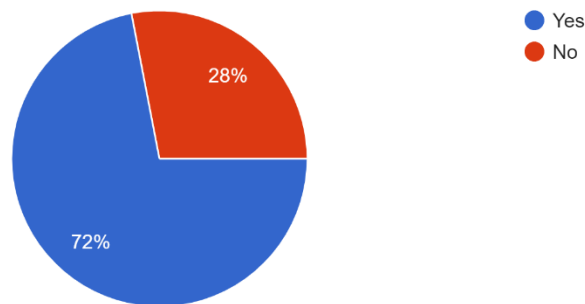


11a. Do you agree with the proposed disclosure requirements for management performance measures?

- Yes
- No

Yes	77
No	30
Total	107

11a. Do you agree with the proposed disclosure requirements for management performance measures?
107 則回應



11b. If not agree, any suggested alternative approach?

1. Keep no change
2. Encourage user to seek no gaap financial information which is no healthy for the accounting profession development
3. as before
4. Too subjective
5. The management will come up with misleading approach and measurements

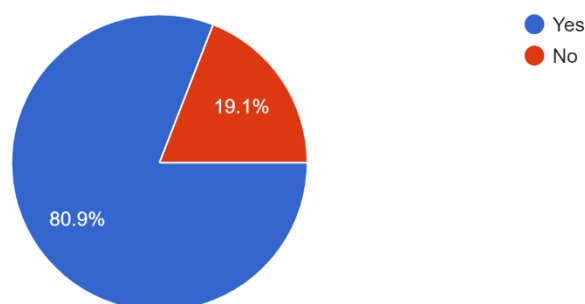
- 6. prefer to exclude this disclosure to avoid misleading information
- 7. Those measurement is not easy to be understand by users

12. ED.BC172–BC173 explain why the IASB has not proposed requirements relating to EBITDA. Do you agree?

- Yes
- No

Yes	89
No	21
Total	110

12. ED.BC172–BC173 explain why the IASB has not proposed requirements relating to EBITDA. Do you agree?
110 則回應



12a. If not agree, any suggested alternative approach?

- 1. It's commonly used

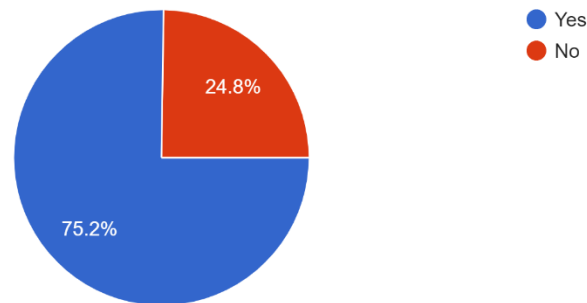
13. Do you agree with the ED proposals that(a) IAS 7 ED.18(B) would be amended to require operating profit or loss to be the starting point for the indirect method of reporting cash flows from operating activities? (IAS 7ED.18(b))(b) IAS 7 ED.33A and 34A–34D would be amended to specify the classification of interest and dividend cash flows? (ED.BC185–BC208 describe the reasons for the proposals and discusses approaches that were considered but rejected)

- Yes
- No

Yes	82
No	27
Total	109

13. Do you agree with the ED proposals that(a) IAS 7 ED.18(B) would be amended to require operating profit or loss to be the starting point f...sses approaches that were considered but rejected)

109 則回應



13a. If not agree, any suggested alternative approach?

1. Keep no change
2. as before
3. Current presentation is good enough
4. no merit for the change
5. Dividend income is revenue under investing business.

14. Do you have any other comments on the ED proposals, including the analysis of the effects (ED.BC232–BC312, including Appendix) and ED Illustrative Examples?

1. Simple and precise presentation is better than over-complication and misleading information.
2. Step by step and later