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30 September 2020

IFRS Foundation  
Columbus Building  
7 Westferry Circus  
Canary Wharf  
London E14 4HD  
United Kingdom

## **RE: General Presentation and Disclosures**

Dear International Accounting Standards Board (IASB) Members,

The International Organization of Securities Commissions (IOSCO) Committee on Issuer Accounting, Auditing and Disclosure (Committee 1) thanks you for the opportunity to provide our comments on the Exposure Draft *General Presentation and Disclosures* (“Exposure Draft”).

IOSCO is committed to promoting the integrity of the international markets through promotion of high quality accounting standards, including rigorous application and enforcement. Members of Committee 1 seek to further IOSCO’s mission through thoughtful consideration of accounting and disclosure concerns and pursuit of improved transparency of global financial reporting. Unless otherwise noted, the comments provided herein reflect the consensus among members of Committee 1 and are not intended to include all the comments that might be provided by individual securities regulator members on behalf of their respective jurisdictions.

### **General Observations**

Overall, we support the IASB’s efforts to making communication of information in companies’ financial statements more effective through its Better Communications initiative. We believe the Exposure Draft supports that initiative by providing greater specificity to the form, content and subtotals in the statement of profit or loss, which will assist users in identifying useful information for decision making.

We support the introduction of disclosure requirements for alternative measures used by management pertaining to financial performance. The inclusion of these measures in financial statements, with a requirement to reconcile such measures to the most relevant IFRS measure and explain why management believes they are useful in understanding the entity’s performance, will allow users of financial statements to better understand how management assesses performance when making decisions. We agree this additional insight from management’s perspective can be valuable to a reader provided that such measures are a faithful representation of an entity’s performance. In order to support the faithful representation requirement, members recommend that further restrictions and boundaries be introduced along with additional guidance on applying that principle.



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We believe the introduction of a required “operating profit or loss” subtotal, along with additional guidance on determining what income and expenses are included in that subtotal, will provide users of financial statements with valuable information to assess entity performance period to period and compare performance with other entities. The aggregation and disaggregation requirements and unusual income and expense disclosure are also important additions that will result in more useful information being presented for decision making purposes.

Although members support many of the concepts in the Exposure Draft, we have identified items within that should be reconsidered or need additional guidance in order to support consistent implementation. Our detailed feedback on the Exposure Draft is provided below.

## **Management Performance Measures**

Members are supportive of the Board’s decision to develop proposals that result in certain alternative performance measures being included in the notes to the financial statements, however, the following concerns have been identified. The extent of concerns varies among members, with some members holding greater concerns than others.

### *Classification of management performance measures in IFRS framework*

The Exposure Draft does not discuss whether the inclusion of a management performance measure in an entity’s financial statements results in such measure being an “IFRS measure”. Members are of the view that management performance measures presented in accordance with the Exposure Draft are not an “IFRS measure” and that there needs to be an explicit discussion in the application guidance or basis for conclusions clarifying how such measures are classified in the IFRS framework when compared to other required measures specified by IFRS.

### *Definition*

Members do not agree with the Board’s decision not to impose specific restrictions or boundaries on how management performance measures are calculated, or with the Board’s view in BC155(d) that management should have a boundless permission to present their view of performance in an entity’s financial statements. Members have noted the following concerns with this approach:

- There are certain alternative performance measures that securities regulators have taken issue with even when entities publicly communicate them outside of securities filings (e.g., tailored revenue recognition policies). Since securities regulators do not necessarily have authority to prevent presentation of such measures in all forms of public communications, members are concerned that this essentially results in an indirect method of presenting such measures in securities filings. To address this concern, members recommend that the definition be revised to specify that a management performance measure must be a permitted alternative





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performance measure in each jurisdiction the entity is required to file financial statements for purposes of regulatory oversight.

- Alternative performance measures that are based on recognition or measurement principles that are not in accordance with IFRS or an entity's accounting policies have a greater risk of being misleading or misunderstood by investors. Some members are of the view that such measures should not be permitted in an entity's financial statements, whereas some other members do not object to the inclusion of such measures in the notes to the financial statements provided they meet the qualitative characteristics of useful financial information, as described in the Conceptual Framework, and there is required disclosure to explain to readers that such measures are not in accordance with IFRS and the entity's accounting policies along with accompanying disclosure on why management is of the view that such adjustments result in useful information.

Some members are concerned that the reference to "public communications" in paragraph 103(a) of the Exposure Draft is too broad and could result in too many measures being included in the financial statements, which would dilute the focus on key measures that management uses and potentially result in additional burden for preparers and auditors with limited benefit.

Members do not understand why "operating profit or loss before depreciation and amortization" has been identified in paragraph 104 as a subtotal specified by IFRS given that we are unaware of an IFRS standard that specifies such measure. Some members think that this measure should be captured in the management performance measure definition when it is not presented on the statement of financial performance in order to ensure a reconciliation is provided.

Members note that IOSCO's *Statement on Non-GAAP Financial Measures* states that the disclosure expectations do not apply to any measure that is disclosed in accordance with applicable legislation that sets out specific requirements governing the determination of such measures. Members recommend that the Exposure Draft clarify whether such measures meet the criteria in paragraph 103(c) as "management's view of an aspect of performance" when they are required by applicable legislation. If such measures are captured by the management performance measures definition, some members recommend that such measures be exempt from the disclosure requirements. Some members also request that further clarification be provided on whether performance measures presented in accordance with local GAAP or statutory GAAP would meet the definition of a management performance measure. For example, if net income in accordance with statutory GAAP differed from IFRS net income, and that statutory net income is in a public communication, would it be considered a management performance measure?

Some members question why the Board has limited management performance measures to only include subtotals of income and expenses. Since the objective in paragraph 1 of the Exposure Draft is to set out requirements "to help ensure they provide relevant information that faithfully represents an entity's assets, liabilities, equity, income and expenses", these members question why other performance



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measures that are focussed on cash flow or financial solvency (e.g., net debt) are also not captured within the definition. These members encourage the Board to provide additional information in the basis of conclusions with respect to any decision on why such alternative measures have not been included at this time, although some of these members would prefer that these additional measures be captured. Some other members note that, while the inclusion of additional types of performance measures could be beneficial, a longer-term approach to introducing such measures may be preferred in order to ensure the proposal is completed in a timely manner.

### *Faithful representation requirement*

Paragraph 105 of the Exposure Draft requires management performance measures to “*faithfully represent aspects of the financial performance of the entity to users of financial statements*”. Paragraph 2.13 of the Conceptual Framework states that “[t]o be a perfectly faithful representation, a depiction would have three characteristics. It would be complete, neutral and free from error.”

Some members question how the characteristic of ‘neutrality’ is to be applied when assessing whether an alternative performance measure can be identified as a management performance measure in accordance with the Exposure Draft. Since management’s view on performance can be inherently biased, these members recommend additional guidance to assist management in determining whether a measure is “neutral”?

Members are also unclear how the requirements in paragraphs 103 and 105 should be interpreted in combination when assessing if a subtotal of income and expenses is a management performance measure required to be disclosed in the financial statements. For example, is the faithful representation requirement in paragraph 105 intended to be an additional restriction that would prevent certain performance measures that meet the criteria in paragraph 103 from being presented in the financial statements? Some members request that additional guidance be provided to explain how paragraph 105 should be interpreted, including how it relates to paragraph 103, if at all.

### *Disclosure*

Members agree with the requirement to disclose information about any management performance measure in a single note to the financial statements and the prohibition on the use of columns to present such measures. Members also agree with the disclosures required in paragraph 106(a) and (b) of the Exposure Draft but have concerns about the potential costs and burden of requiring disclosure of the tax impact for each item disclosed in the reconciliation. Members recommend that further assessment of the costs and benefits be performed in order to support these disclosure requirements on both an annual and interim basis, particularly given the number of performance measures that could be captured by the management performance measure definition.





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## **Categorization and presentation in the statement of financial performance**

### *Terminology for categories*

Members support categorizing sections of the statement of financial performance but are concerned with the use of terms that are identical to the statement of cash flows but are defined differently. Members are of the view that different terminology should be used for different concepts, or the categories in the statement of performance and the statement of cash flows should be aligned in order to avoid confusion. For example, the discussion in B32 and B33 with respect to impairment losses can be confusing to a reader since impairments and gains and losses of investments in PPE are classified as ‘operating’ in the statement of performance, which members support, but cash flows pertaining to PPE are classified as ‘investing’ in the statement of cash flows.

### *Operating category*

Members support the proposal to require presentation of an “operating profit or loss” subtotal in the statement of performance, although some are concerned with the operating category definition being the residual of the other defined categories. While members appreciate the difficulties described in the basis of conclusions, some members recommend that the Board reconsider whether this can be addressed after considering the comments from various stakeholders. Some members are concerned that the residual approach leads to greater pressure being applied to the investing and financing categories, when in substance the pressure should be placed on determining what should be presented in the operating category given the focus on the “operating profit or loss” subtotal.

### *Main business activities*

Members are concerned that the term “main business activities” is not formally defined and has limited application guidance. For example, members note the following issues that could lead to inconsistent application:

- For entities that operate multiple business lines (e.g., conglomerates) or entities entering into new business activities, it is unclear how to identify what constitutes a “main business activity”.
- Guidance is needed to understand how the “main business activity” concept links, or does not link, to IFRS 8 segment information and the notion in IFRS 15 of “output of the entity’s ordinary activities”.
- Guidance is needed to determine when research and development costs would be considered a main business activity since such costs are generally not directly attributable to current production.



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- There are various questions and concerns with respect to determining whether customer financing is a “main business activity” when a company provides seller financing to customers in conjunction with the sale of its goods or services, and the allocation of such expenses pertaining to that activity. For example,
  - despite the guidance in Example II-4, it remains unclear whether an entity could reach a conclusion that customer financing is not a main business activity (i.e., whether customer financing provided in the course of its main business activities of selling goods is automatically determined to be “financing to customers as a main business activity.”)
  - the discussion in B29 should be expanded to identify the types of factors an entity should consider, if any, in determining whether such financing is a main business activity (for example, would an entity determine whether it has related interest expense in these circumstances, and if so, how would it make that determination)
  - members have various concerns with the accounting policy choice available in paragraph 51, with some members recommending that no choice be available in order to ensure comparability in all circumstances, some members recommending only to permit a policy choice to use paragraph 51(a) and other members recommending that 51(b) be limited to entities who provide financial services.

#### *Analysis of operating expenses*

Members generally agree that the presentation of operating expenses based on a nature or function method can improve comparability and reduce confusion. Some members further note that the requirement of a nature or function method for presentation reduces the opportunity for subjective classifications or allocations which might be susceptible to management bias.

However, some members note that a mixed presentation is common in their jurisdiction and there has been no demand for a more formalized presentation requirement. Some members also note that companies in similar industries tend to present similar mixed presentation formats based on the needs of users, and in a manner that is similar to what comparable peers present in accordance with US GAAP. A formalized approach could detract from those users’ needs and may not be necessary given that a formalized presentation approach is not needed to support the “operating profit or loss” subtotal.

As a result, there are differing views on formalizing the presentation approach given that some members are supportive of requiring a nature or function approach, whereas other members do not see a need to mandate an approach and recommend that further consideration be given on whether such standardization is needed.

If a nature or function presentation approach is implemented for the operating category, some members have the following comments:





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- There are mixed views from members on the need for an ongoing assessment of whether the method used “faithfully represents” the entity’s operations. Some members support the requirement for a “faithful representation” assessment each reporting period, as required in the Exposure Draft, whereas others believe a more simplified approach could be introduced that requires that, once a method is appropriately selected, the presentation would continue to be used unless management determines that a change is needed to provide a “more faithful representation” of its performance (similar to the accounting policy change requirement in IAS 8.14).
- If a function presentation is applied, most members agree some operating information by nature in the notes to the financial statements should be required, but they question whether all information proposed by paragraph 72 is needed since there could be substantial complexity and cost in maintaining all operating expenses in two formats. It is also not clear that the benefits obtained from this additional information are supported by the costs. Members recommend that the Board further explore the needs of users to assess whether there is an opportunity to limit the elements by nature required.
- If a nature presentation is applied, some members question why there is no similar requirement for some operating expenses by function to be disclosed, such as cost of sales. These members also noted similar concerns with respect to whether the benefits of maintaining two formats for certain operating expenses are supported by the costs and recommend the Board further explore the needs of users for selective elements by function.
- The required line items in paragraph 65 appear to include amounts that are expenses by nature, which could lead to a mixed presentation result if an entity decides to use a function presentation for its operating expenses. If a requirement to present operating expenses using either a nature or function method is maintained, then some members recommend that additional guidance be provided on how to apply paragraph 65 when a function approach is used.
- Additional guidance on the application of paragraph 70 should be provided to assist preparers in determining how to allocate expenses when using the function of expense method. For example, could a ‘restructuring’ line item be used to isolate the expenses related to restructuring?

## *Financing category*

Some members do not agree with the requirement for interest revenue or expense from cash and cash equivalents to be classified as a financing activity. For example, any method of investing that is focussed on generating profit that is not a main business activity or losses arising from inflationary environments with negative interest rates should not be included in the financing category.



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### *Board's decision not to define EBITDA*

Members support the requirement for a “profit or loss before financing and income tax” subtotal when material. However, despite the inclusion of this subtotal, some members do not agree with the Board’s decision not to define EBITDA given that the Board has noted in BC172 that, “*EBITDA is one of the most commonly used measures in communications with users of financial statements*”. In order to meet the objective of providing more relevant information to users of the financial statements, those members think the Board needs to provide application guidance on what should be captured in the “interest” and “depreciation and amortization” elements to facilitate a consistent method for calculating EBIT and EBITDA. Without this additional application guidance there will continue to be widespread diversity in how these subtotals are calculated, which can lead to further confusion for users now that such measures will be presented in the notes to an entity’s financial statements as a management performance measure. Although there will be a reconciliation requirement when presented as a management performance measure, this reconciliation requirement does not address some members general concern that a consistent method for calculating EBITDA is needed.

### *Investing category*

Paragraph 47(b) requires “*incremental expenses incurred generating income and expenses from investments*” to be included in the investing category. Since this could be an area of significant judgement that has a direct impact on what types of expenses would be presented in the operating category, due to its residual nature, members recommend that additional application guidance be provided to explain what types of expenses would be “incremental”.

Members also recommend that additional guidance be provided on the classification of assets that are held to secure long-term liabilities (e.g., environmental provisions). For example, are there circumstance in which these types of assets could be classified as income and expenses in the operating category?

## **Integral and non-integral associates and joint ventures**

### *Classification*

Members recommend that additional guidance, beyond paragraph IFRS 12.20D, be provided to assist preparers in determining whether an associate or joint venture is integral or non-integral. Specifically, members note the following:

- Based on BC210, it appears the Board’s intent is to base the integral/non-integral definition on the proposed definition of income and expenses from investments. It is unclear whether “integral” should be a residual category or “non-integral” should be a residual category when making the determination (similar to classification of investing vs operating cash flows).





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- Clarification is needed on what is meant by ‘significant interdependency’ and how that term compares to the IFRS 15 notion of “highly interrelated or interdependent.”
- Proposed IFRS 12.20D provides an example of a significant interdependency between an entity and an associate or joint venture as “(a) *having integrated lines of business with the associate or joint venture.*” It is unclear what is meant by this example, and how it is different from “(c) *having a supplier or customer relationship with the associate or joint venture that the entity would have difficulty replacing without significant business disruption.*”
- Based on the definition of a joint venture in IFRS 11, it is unclear whether a joint venture could be considered “non-integral” because by nature of being a joint venture the entity is likely part of an entity’s main business activities.
- Potential concern that investments could easily be reclassified as integral or non-integral from period to period since there is limited guidance on this topic.
- Guidance is needed for situations where an entity’s relationship with another entity changes from being a subsidiary to a joint venture or associate. Currently, an entity could disclose the end of the parent/subsidiary relationship in accordance with IFRS 5 and record the post-tax result beginning from the point where the investment becomes an associate in the statement of profit or loss, whereas under the Exposure Draft it is unclear how the entity should disclose the income from the associate after the entity recorded the investment in accordance with IFRS 5.

## *Presentation*

Members have different views on the need for a separate presentation of an “integral associates and joint ventures” category on the face of the statement of profit or loss, as required by paragraph 45(d) of the Exposure Draft. Some members agree with this requirement since it ensures that integral associates and joint venture line items are separately identifiable on the statement of profit or loss in all circumstances, whereas other members are of the view that a separate category is not needed since the separate presentation of such items should instead be determined based on the aggregation and disaggregation requirements in paragraphs 25-27 of the Exposure Draft, with additional information being provided in the notes to the financial statements when material in accordance with IFRS 12.20-23. A new disclosure requirement could also be added to IFRS 12.21 to separately identify integral and non-integral associates in the notes to the financial statements if not disclosed in the statement of profit or loss.

Some members do not agree with the required subtotal in paragraph 60(b) of the Exposure Draft and are instead of the view that an entity should apply paragraph 42 of the Exposure Draft to determine whether a subtotal is needed in its statement of profit or loss.



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## Unusual Income and Expenses

Members support the Board's efforts to define "unusual income and expenses" and require disclosure of that information in the financial statements.

### *Definition*

Members agree that predictive value is an important consideration when assessing whether a portion of income or expense is presented as "unusual". However, members disagree with the proposed definition since it limits the "unusual" assessment, and the "limited predictive value" assessment, to the expectation of whether similar income or expenses will arise for several future annual periods. Members think that past occurrences of income or expenses similar in type, and a broader qualitative assessment of the nature and type of each income or expense, are relevant considerations when determining whether an income or expense is "unusual". For example,

- if any entity enters into a business restructuring that results in expenses associated with that restructuring being recorded over two annual periods, and such restructuring has not occurred in the recent past and is not anticipated for several future annual periods, then members think management should be able to assess whether such costs should be identified as "unusual" in both annual periods, or
- if an entity has a recent history of recording similar types of restructuring costs but has determined that the restructuring costs recorded in the current annual period will likely be the last to arise for several future periods, then members question why such expenses are required to be identified as "unusual", whereas similar type charges in recent years would not.

Members also note that the inclusion of additional criteria for determining whether an income or expense is "unusual" will assist auditors and regulators in assessing an entity's determination of what is "unusual". Members are concerned about the enforceability of an "unusual" designation under the proposed definition given that it is solely based on future expectations.

### *Application Guidance*

Members recommend that additional guidance be provided about what is meant by "similar in type and amount" in order to understand how broadly or narrowly this concept should be applied. For example, if a conglomerate records restructuring charges regularly but the underlying basis for certain restructuring decisions differ, could an entity conclude that some restructuring charges are not "similar in type", or would all restructuring charges recorded by the entity be viewed as "similar in type" solely due to such charges meeting the definition of restructuring in IAS 37?





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Members also recommend that such guidance specifically include discussion on how this concept is applied to impairment charges since it would appear that the current definition would capture these balances in many circumstances. Some members also note that the identification of impairment expenses as unusual is inconsistent with existing guidance in their jurisdiction, which states that impairment losses and restructuring charges will rarely be considered as non-recurring, infrequent or unusual.

Members also recommend that additional guidance be provided on determining “unusual income” given that it is extremely rare to see such identification applied historically in practice as an alternative performance measure adjustment. A substantially more robust discussion on this concept is needed to ensure it is applied consistently in practice.

### **Aggregation and disaggregation**

Members are generally supportive of the aggregation and disaggregation requirements, although some request that the Board provide more guidance on assessing when disaggregation is needed from a quantitative perspective in order to ensure that relevant information is being presented. Guidance could be provided about specific line items or subtotals that should generally be considered when deciding whether an item should be disaggregated for quantitative purposes. For example, the commentary in BC26 suggests that the revenue line item is an important consideration when determining what items to disaggregate on the statement of performance.

Members note that a key consideration for classification and aggregation decisions is whether items have “shared characteristics”, and that paragraph B6(b) provides some guidance since it states that shared characteristics would be “*for example, their nature, their function, their measurement basis or another characteristic*”. Given the limited guidance, members are concerned that the “shared characteristic” concept could be interpreted too broadly since the term “characteristic” is not defined and there is no requirement to focus on the qualitative characteristics that potential investors, lenders and other creditors would consider in assessing whether relevant information is being presented. To address members’ concerns, we recommend that the term “characteristic” be defined, the requirements in paragraph 25 be revised to focus on shared characteristics that are relevant from a user’s perspective, and additional guidance be provided on what types of shared characteristics are important from a user’s perspective (e.g., discussion of economic characteristics as described in IFRS 9 and IFRS 10).

### **Application of materiality concept to line items and subtotals**

Members are of the view that further clarity is needed on how to apply the materiality concept to the presentation of specified line items or subtotals identified in the Exposure Draft. For example, paragraph 60 identifies four specified totals or subtotals that are required to be presented in the statement of profit or loss. Some members are of the view that a materiality assessment could be applied to each subtotal, and an entity could choose to exclude a subtotal if it is not relevant to a user’s understanding of the entity’s performance (e.g., exclusion of the profit or loss before financing and income tax subtotal if



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there were no financing charges during the period). Other members question whether such a materiality assessment could be applied in the circumstance described given that paragraph 62 has been included to specify when an entity is permitted to exclude the subtotal required by paragraph 60(b).

### **Statement of cash flows**

Members support the proposal to require operating profit to be the starting point for the indirect method. Members also support the removal of optional classification of interest and dividends for non-financial institutions. Some members recommend that the optional classification for financial institutions be removed and that such entities instead be required to present their interest and dividend cash flows in a manner consistent with how such amounts are classified in the statement of financial performance.

### **Other comments**

#### *Objective of financial statements*

Members do not understand why the objective of financial statements is now limited to assessing prospects of future net cash inflows and stewardship of resources given that there continues to be a wide range of reasons why users use financial statements for economic decision making? Members are concerned that limiting the objective to the two noted items, rather than the broader consideration of what is useful to a wide range of users in making economic decisions, could have a detrimental impact on judgments made by preparers in determining what information needs to be included in financial statements.

Members note that the objective of financial statements, described in paragraph 19 of the Exposure Draft, does not identify “cash flows” in the list of financial information that is useful in assessing the prospects for future net cash inflows to the entity and in assessing management’s stewardship of the entity’s economic resources. Members further note that Paragraph 1.20 of the Conceptual Framework states that “*Information about a reporting entity’s cash flows during a period also helps users to assess the entity’s ability to generate future net cash inflows and to assess management’s stewardship of the entity’s economic resources*”. Given the content above from the Conceptual Framework it is unclear why paragraph 19 does not refer to “cash flows”?

#### *Conceptual Framework comparison*

The Conceptual Framework states that, if financial information is to be useful, it must be relevant and faithfully represent what it purports to represent. Members recommend that this statement be added to the Exposure Draft to give these qualitative characteristics more prominence.

Members recommend that wording used in this standard be compared to the Conceptual Framework to ensure terminology is used consistently in order to avoid confusion and ease the translation of the





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standards into foreign languages. For example, the use of the terms income and expenses versus profit or loss and gains and losses.

Members note that paragraph 12 of the Exposure Draft states that “An entity may use the term ‘net income’ to describe profit or loss”. Some members do not agree with the use of the term “net income” as a synonym for profit or loss since this conflicts with the definition in the conceptual framework of “income”.

#### *Interim reporting*

As noted above in the Management Performance Measures discussion, members have concerns about the potential costs and burden of requiring disclosure of the tax impact for each item disclosed in the reconciliation and recommend that a further assessment of costs and benefits be performed in order to support these disclosure requirements on both an annual and interim basis. If the Board chooses to retain a form of tax impact disclosure on an annual basis, then members recommend that identical disclosure requirements be retained on an interim basis.

#### *Illustrative examples*

Members recommend the following revisions to the content of the Part I example of presentation and disclosures:

- The example should be revised to present a management performance measure with adjustments that are more commonly used in practice (e.g., exclusion of stock-based compensation, depreciation, impairments, restructuring costs that do not meet the definition of ‘unusual’, etc.) in order to assist users in understanding the disclosure expectations for recurring adjustments that are not unique from period to period.
- XYZ Group has presented its operating expenses using the function of expense method; however, we note the line item “impairment losses on trade receivables” appears to be a nature item. Members recommend that the example be revised or include clarifying language explaining how this presentation is in accordance with paragraph 68 of the Exposure Draft.
- For some jurisdictions, the revenue adjustment as described in note 2 would generally not be acceptable as it is a tailored accounting principle that would not meet existing non-GAAP financial measures requirements. We recommend that this example be removed and be revised to address the Management Performance Measures discussion above identifying members concerns with alternative performance measures that are based on recognition or measurement principles that are not in accordance with IFRS.
- Members are of the view that the following statement in note 2 is boilerplate language; “*management performance measures help users of financial statements to assess underlying trends in profitability including the effect of acquisitions...*”. The language should be



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amended to include a robust discussion on why the measure provides useful information about financial performance.

- Members are concerned that the “Restructuring in Country B” discussion, which is highlighted as an unusual item, is too simplified. Major restructurings typically don't happen in one quarter and many times they span over multiple periods and often involve more than one division, country or line of business. Members recommend that the restructuring example occur over the current and comparative period to show the disclosure impact and include more information so the reader understands why the restructuring was determined to be unusual.

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We appreciate your thoughtful consideration of the views provided in this letter.

If you have any questions or need additional information, please do not hesitate to contact Cameron McInnis, Chair of the Accounting Subcommittee of Committee 1 at +1 416-593-3675 or myself. In case of any written communication, please mark a copy to me.

Yours sincerely,

Makoto Sonoda

Chair  
Committee on Issuer, Accounting, Audit and Disclosure  
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