Summary Report of the Joint Outreach Investor Event

Could profit or loss (P&L) become more useful?

And what is the role of other comprehensive income (OCI)?

Brussels
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This summary report has been prepared for the convenience of European constituents by the EFRAG Secretariat and has not been subject to review or discussion by the EFRAG Technical Expert Group or EFRAG Board. It has been reviewed by the EFFAS and ABAF Secretariats and by IASB staff and has been jointly approved for publication by representatives of EFRAG, EFFAS, ABAF and the IASB, who attended the joint outreach event.
Introduction

The concept of profit or loss (P&L) is viewed by many investors, creditors and other users of financial statements as a fundamental measure of performance and is often the starting point of investors' analysis.

One other concept that contributes to the measurement of performance is other comprehensive income (OCI). Although this concept has been an important part of the preparation of financial statements for many years, the existing Conceptual Framework does not include any guidance on OCI (for example, there are no clear principles for deciding on what basis gains and losses should be in OCI and/or when they should be recycled into P&L). Items that have historically been reported outside P&L have largely been addressed on an ad hoc basis to solve specific issues that arise in practice.

On 28 May 2015, the IASB published an Exposure Draft ED/2015/3 Conceptual Framework for Financial Reporting (the ‘ED’) which provides a description of the statement of profit or loss and suggests what OCI could be in undefined circumstances. The ED also seeks feedback on whether there is support for the proposed description of the statement of profit or loss and for proposals on the use of OCI.

To seek the views of users on the role of P&L and what should be the purpose of OCI and its separation from P&L, the European Financial Reporting Advisory Group (EFRAG), the European Federation of Financial Analysts Societies (EFFAS) and the Association Belge des Analystes Financiers (ABAF), in cooperation with the International Accounting Standards Board (IASB), organised a joint outreach event (‘the event’) that took place on 1 July 2015 in Brussels. In addition to users, the event attracted a range of other stakeholders, including preparers, auditors, standard setters and other European organisations.

The views expressed in this summary report reflect the individual views expressed by participants at the event. The feedback received will contribute to EFRAG’s comment letter in response to the ED.

The speakers and the panel comprised Hans Buysse, Member of EFFAS Management Committee and EFRAG Board Member; Steve Cooper, IASB Board Member; Mark Clatworthy, Professor, University of Bristol; Joachim Gassen, Professor, Humboldt University, Berlin; Frank Klein (panellist), Managing Director, Deutsche Asset & Wealth Management; Stefaan Genoe (panellist), Head of Equity Research, Petercam NV; Glen Suarez (panellist), CIO and Deputy CEO, Knight Vinke Asset Management; Françoise Flores, EFRAG TEG Chairman; and Patricia McBride, EFRAG Technical Director.
Objective and scope of this Summary Report

The members of the panel and participants focused their discussions on the following questions:

- Is P&L the starting point in your analysis? If not, what is?
- Are there items included in the P&L that you eliminate? What are they and where do you use P&L in your analysis?
- Do you use OCI? If you do not, why not?
- Are there elements that you need, but that you do not find in the P&L? Are there items shown in OCI that you include in your analysis?
- Should bad news (adverse litigation, for example) be reflected earlier than good news that is expected but still uncertain?

Summary of observations

The main observations made can be summarised as follows:

- The preliminary results of an academic study sponsored by EFRAG and the ICAS showed that professional investors are strongly anchored on P&L and P&L data are regarded as more relevant and faithfully represented than balance sheet items. The members of the panel, formed by users of financial statements (the ‘user panel’) noted that financial information obtained from P&L was key and often the starting point of their analysis. However, members of the panel noted that the sector in which the company operated could influence users’ analysis and that for highly leveraged entities the balance sheet was important.

- The preliminary results of the academic study also showed that, in general, professional investors consider financial reporting information to be relevant and faithfully represented for both valuation and stewardship assessment decisions. It also showed that users’ objectives for financial reporting information significantly affect their perceptions of its relevance. In particular, professional investors frequently considered financial reporting to be more relevant for valuation objectives than for management performance assessments. Professional investors did not, however, consider the representational faithfulness of financial reporting to be significantly affected by their objective.

- The user panel highlighted the importance of non-GAAP metrics based on P&L, such as EBITDA, EBIT and others.

- For sell-side analysts, time was of the essence and decisions had to be made within a short period of time. Buy-side analysts had a longer-term investment horizon and had more time to understand whether the “investment's story was still alive”.

- The user panel and some participants considered that it was important for users to look at OCI to have a complete picture of a company’s performance. They noted that if significant amounts of income and expenses were included in OCI and those amounts varied significantly, users failing to take these amounts into consideration, risked being misled.
Others noted that the lack of clarity as to what OCI represented was not helping users to get the full picture.

- The user panel noted that analysts often make adjustments to P&L and those adjustments are made for a number of different reasons (e.g. to increase comparability or to normalise earnings, etc.), that usually depend on the analysis being made. It was difficult to establish in advance what kind of adjustments should be made.

- The user panel pointed out that OCI had a confirmative role for investors and stressed the importance of understanding how much the amounts included in OCI were moving over time.

- The user panel stated that users needed a number that reflected the underlying performance of a business so that they would be able to apply their valuation model.

- The user panel and some participants considered that the concept of 'business model' important and that P&L should be closely linked to the entity's business model and management's view over the performance of the business.

- One user suggested having more integration between OCI and P&L, rather than focusing the discussion on the distinction between OCI and P&L.

- The user panel discussion reflected that prudence can be understood by some as including a conservative bias in accounting; something they would not favour. They also thought that the level of prudence would depend on the type of investor, i.e. in conditions of uncertainty, some would not welcome any recognition asymmetry, whilst others would.
Opening comments and presentations

Hans Buysse opened the joint outreach event and welcomed the participants, the invited panellists and presenters of the academic study sponsored by EFRAG and the ICAS.

“Conceptual Framework is a very important project for us and we are very keen to make it as good as we possibly can”. Steve Cooper, IASB

Steve Cooper emphasised the importance of the IASB’s project on the Conceptual Framework, and provided a high-level summary of the IASB’s ED. He explained that the IASB was suggesting a mixed measurement model and that the proposals advocated that income and expenses in the statement of profit or loss (P&L) are the primary source of information about an entity’s financial performance and that all income and expenses should be, in principle, included in that statement. Nonetheless, income or expenses could be reported in OCI if they related to assets or liabilities measured at current values and/or if such classification would enhance the relevance of the information to users. Finally, Steve Cooper explained that there was also a presumption that items included in OCI should be reclassified into P&L in some future period (recycled). Steve Cooper noted that the ED might not provide clear guidance on which measurement basis should be chosen in a given situation and what items should be reported in OCI, but it was a step forward compared with the current Conceptual Framework.

Introduction of EFRAG’s public consultation on the Conceptual Framework by Françoise Flores.

Françoise Flores briefly explained EFRAG’s due process and its mandate on commenting on the IASB’s proposals on the Conceptual Framework. She explained the European expectations of the revision of the Conceptual Framework and highlighted the relevance of having a conceptual framework that could provide guidance for future standard setting in areas that had repeatedly given rise to controversy in the last decade.

Subsequently, Françoise Flores presented some of the comments included in EFRAG’s public consultation document. The consultation document noted that the IASB’s proposals would not meet European expectations if they did not provide the necessary guidance on how to select a measurement basis or on how best to measure performance. It would welcome progress made by the IASB, for example, in giving more prominence to the objective of stewardship and in re-introducing the concepts of prudence and ‘substance over form’. It would, however, request further improvements in these areas. It would also call for the re-instatement of the concept of reliability and recommend that the IASB reach a common understanding with
its constituents as to what a reliable measurement is (for further details about EFRAG’s document for public consultation on the IASB Exposure Draft ED 2015/3 Conceptual Framework for Financial Reporting published on 8 July 2015 please click here. Comments are welcomed by 26 October 2015).

To stimulate discussion and engage constituents, EFRAG was also going to publish a Bulletin on profit or loss versus OCI for public consultation (for further details about EFRAG’s Bulletin Profit or loss versus OCI please click here. Comments are welcomed by 26 October 2015).

Presentation of the preliminary findings of a study sponsored by EFRAG and ICAS on the information needs of professional investors.

“Accounts are not only for answering questions but equally as much for creating more questions in my head”, Professional Investor, Denmark (from research study).

Professor Mark Clatworthy explained that the preliminary results of the study had revealed that professional investors were strongly anchored on the income statement and that income statement items were generally regarded as more relevant and faithfully represented than balance sheet items.

Professor Joachim Gassen explained that participants in the study had been provided with an identical fictional study, including abbreviated fictitious financial statements, but some participants had been asked to assess the management’s stewardship whereas others had been asked to value the entity.

The preliminary analysis revealed that the purpose for which the accounting information is being used can influence its usefulness. More specifically, professional investors often considered financial reporting to be more relevant for valuation objectives than for management performance assessments. Investors did not, however, consider the representational faithfulness of financial reporting to be significantly affected by their objective.
In the fictitious case used for the study, participants had been informed that the entity had a strong corporate governance. The academics found that participants in the study often took this into account when assessing the representational faithfulness of the items reported. The preliminary results indicated that the inclusion of financial reporting information in managerial compensation contracts did not significantly affect professional investors' views of the relevance or representational faithfulness of financial reporting information.
Detailed Discussions

Is P&L the starting point in your analysis? If not, what is it and where do you use P&L in your analysis?

The members of the user panel agreed that in general users consider that the financial information obtained from the statement of profit or loss (P&L) is key and typically the starting point for an analysis.

However, a panellist added that, in his view, there were at least three main types of investors that should be considered when answering the question:

- “Passive investors” or “index investors”, who rarely use financial statements and constitute the biggest single group of investors. Exchange-traded funds (ETFs) were a popular type of exchange-traded product for these investors, who often did not make any research on the individual stocks (except for stewardship reasons);
- “looking for growth investors”, who are usually focused on maximising pension and savings’ earnings and thus interested in the financial statements and P&L of the companies; and
- investors who are looking for “capital preservation”. These investors are very risk averse and for them the balance sheet is very important for making a risk assessment of the investment.

Non-GAAP metrics based on P&L such as EBITDA, EBIT and others are important for investors.

The user panel also mentioned the importance of non-GAAP metrics based on P&L such as Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) and Earnings Before Interest and Taxes (EBIT). Two panellists detailed that analysts would often make adjustments to their numbers so that they would get normalised information that is more comparable within a specific sector and more closely related to actual cash flows (more useful when predicting future cash flows).

The sector in which the company operated can influence investors’ analysis and that for highly leveraged

The members of the user panel noted that the sector in which the company operated could influence the investor’s analysis. For example, when investors focused on sectors where entities were highly leveraged (e.g. in the financial sector), then balance sheet analysis was fundamental. An example of highly leveraged entities were banks, where any movement on the
entities balance sheets were important.

For sell-side analysts, decisions are made in a short period of time; buy-side investors have a longer term investment horizon and have more time to grasp whether the investment story is still alive.

One panellist added that, for sell-side analysts, time was a key factor for investment decision making and that usually decisions had to be made within a short period of time (e.g. one morning). In contrast, another member of the user panel stated that buy-side analysts often had a longer-term investment horizon and thus were more focused on whether “the investment’s story was still alive”, on cash-flow multiples and on net free cash-flows.

Investors considered that clear guidance should be developed on how key figures are calculated.

Considering the views expressed by the panellists on the use of P&L and the balance sheet, one participant from a national standard setter questioned what the implications for the accounting standard setting should be.

Two user panel members replied that EBITDA was a metric widely used by investors and that this metric derived from accounting information. Therefore, it would be useful to have more clear guidance on how to calculate this figure and bring the figure into IFRS. One of the panellists emphasised the importance of having clear information about non-recurring numbers (not considered part of performance) and the lack of
Do investors analyse and understand the information that is presented in OCI?

Investors considered that it was important to look at OCI to have a complete picture of the company’s performance. They also noted that if significant amounts of income and expenses were being included in OCI and those amounts varied significantly, this could hide the volatility of a company’s performance and mislead investors.

One academic in the audience questioned whether the distinction between OCI and P&L was in fact relevant for investors. This participant had recently concluded a thesis on comprehensive income and noted that his research on listed companies on the Dutch stock exchange (from 2010 to 2013) had revealed that OCI oscillated between 18.8% to minus 55% of the total comprehensive income (P&L plus OCI). This meant that, in one year, the amounts in OCI could represent more than half of the total comprehensive income. Still, the metrics referred to by the panellists, such as EBITDA and EBIT, were Non-GAAP numbers and analysts hardly mentioned OCI or comprehensive income in their reports.

One panelist replied that if significant amounts of income and expenses were being included in OCI and those amounts varied significantly, investors not paying attention to these amounts risked being misled. Therefore, he supported the proposals in the ED that in principle all income and expenses should be included in the statement of profit or loss, unless those income or expenses were related to assets or liabilities measured at current values or other exceptional situations where classification in OCI would enhance the relevance of the information to users. One user participating in the event agreed that it was important to look at OCI to have a complete picture of the company and better understand the volatility of earnings over the years. He also highlighted the importance of the revenue numbers for investors. Referring to the preliminary results of the study on the information needs of professional investors, he provided a reason as to why users might consider ‘revenue’ to be the most representational faithful item of the financial statements. He noted that the revenue figure could be right or wrong. However, if it was wrong, then all other totals in P&L would also be wrong. If it was right, all other totals could still be wrong.

One participant from the insurance industry raised questions about supervisory regulatory rules, volatility and comparability between industries. The participant noted that solvency could be derived from the financial statements or from supervisory regulatory rules. The participant asked the user panel on what kind of solvency users wanted. The participant also noted that guidance on this. This hindered the process of removing non-recurring items and led to diversity in practice.
the magnitude of short-term volatility and long-term volatility depended on the type of industry in which an entity operated and questioned which volatility should be reflected in P&L. Finally, the participant questioned whether it would be possible to have similar ratios for the financial and industrial sectors.

One panellist replied that solvency was a highly debated issue, but he considered that users had to rely on their own analyses and not on regulators’ analyses. Typically, regulators were focused on avoiding a systemic crisis and their objectives were not the same as those of the investors. Therefore, in his view, analysts should not base their analyses on regulators’ solvency numbers.

He also considered that IFRS should be improved to better fit the needs of the financial sector. For example, he missed detailed information about subordination and seniority of debt and detailed information about net interest income. In his view, some of the services that banks provided to their customers were considered as the costs of borrowing customers’ money and should appear as such. In addition, banks received subsidies from the government, as the government would protect deposits below a certain amount. These subsidies were currently implicitly deducted from the interest expenses of a bank.

Noting that analysts were interested in projecting cash flows, Hans Buysse noted that information about changes in working capital was needed. He questioned the use of this figure, which is related to elements in the balance sheet.

Two members of the user panel replied that the notion of free cash flow was fundamental and that IFRS could be improved to provide more information about changes in working capital (e.g. whether the changes are due to changes in valuation of inventories). One of the user panel members added that amounts related to financial instruments, such as derivatives,
were growing in importance, especially after the financial crisis. He would favour having more information about whether those instruments were largely speculative or instruments that actually covered risks related to the underlying business of the entity.

**Are there items included in the P&L that you eliminate? What are they?**

Two panel members noted that there were often items included in the P&L that were adjusted or eliminated. Some of the items that were often adjusted were items related to business combinations, such as goodwill impairment losses and amortisation of intangibles. Some entities were growing through acquisitions and others organically, and to be able to compare these entities it was necessary to eliminate these items. In addition, entities that were growing through acquisitions could allocate amounts between assets that were amortised and assets that were not amortised differently. Other items adjusted were those related to changes in fair value of financial assets and derivatives.

Patricia McBride questioned if there were other reasons for the adjustments (other than increase of comparability) and whether those items that were removed by users in their analyses should have been included in the financial statements in the first place.

One panel member mentioned the difficulties raised by different useful lives of assets and different cycles of investment when comparing companies. He thought that stripping out that information would not be perfect as information about capital replacement cost would be missing. However, he considered that the figures before taking the capital replacement cost into account would be more comparable between entities within the same industry. As an example, he suggested that disclosing more information about where companies are in the cycle of CAPEX could help investors.

**Do you use OCI? If not, why?**

All panel members indicated that, in general, they looked at the income and expenses included in OCI.

*Investors added that OCI had also a confirmative role for*
Investors considered that sensitivity analyses were important for them and that the numbers included in the financial statements and the sensitivity analyses disclosed by management had the same level of importance.

One preparer with a banking background participating in the event questioned whether sensitivity analyses (related to OCI items such as pensions) were important for, and used by, investors.

The user panel members agreed that sensitivity analyses were extremely important. In particular, the sensitivity analyses helped users understand the outcome of potential changes to the assumptions taken by management. When valuing an entity, users were interested in knowing the estimates made by management, but were also interested in knowing the distribution related to that estimate. This provided information to assess the embedded risk of the net assets or liabilities. The sensitivity analyses were also important for stewardship reasons. This was because the sensitivity analyses helped users to understand whether management was, for example, being conservative or not.

One member of user panel added that, in his view, the numbers included in the financial statements and the sensitivity analyses disclosed by management had the same level of importance. One other panellist said sensitivity analyses were particularly useful when there was a scenario analysis.
Investors stated that they needed P&L to reflect the underlying performance of a business.

Two members of the user panel highlighted the need for P&L to reflect clearly the underlying performance of the company and the need for taking out volatility from P&L. Certain items which were not related to cash-flows or valuation could be kept in OCI according to one user panel member. Another user panel member argued that volatility in P&L could have a significant impact on valuations, particularly when valuations were based on earnings multiples. He argued that what was most important was to be consistent over time in what items were reported in OCI and what items were reported in P&L.

One of the panel members thought that the distinction should be clear, transparent and applied consistently. Another panellist would favour having certain items included in OCI such as those that are not predictive of future cash flows and that have little relevance to an entity’s financial performance during a period.

Steve Cooper challenged whether items that introduced volatility and items that did not reflect cash flow should be removed from P&L to OCI. He asked what would be left in P&L.

One panellist replied that he understood why some analysts found it convenient that numbers reflected the underlying economics of a business so that they would be able to prepare their valuation model. However, then the model would be driving the accounting. He wanted to be able to assess all the volatility inherent in an entity.

Professor Joachim Gassen recalled that there was a substantial discrepancy in the level of accounting knowledge among professional investors and that some of them did not always fully understand what OCI was. He considered that there was a need to have a net income statement that would give an immediate glimpse of the operations of the company. He understood why one of the user panel members also wanted to see all the complexity, but it should be kept in mind that this information could be too complex for many users.

A user panel member thought that it was very useful if entities explained what their model was for using assets and liabilities.
He also acknowledged that some types of users, e.g. politicians and journalists, could be in favour of having one single measure for performance. However, this was not what financial analysts needed.

One preparer participating in the event noted that it could sometimes be difficult to reflect the business model in regulated industries.

The user panel and some participants considered the concept of the business model was important and that profit or loss should be closely linked to the entity’s business model and management’s view over the performance of the business.

One preparer questioned whether profit or loss should be intrinsically linked to the business model of the company. The participant explained that in his business (rate regulated) there was some volatility in P&L that did not actually reflect management’s view of the company’s performance.

Two members of the user panel agreed that the business model notion was important. One panellist recalled that in the US, management had to explain the business model up front in the financial statements and that this was extremely useful. One other clarified that there was a need to separate the activities which were related to the underlying business of the entity and those which were not. He noted that many companies had started to have a lot of derivatives and trading activities which were not related to the underlying business and seemed to be more speculative. He questioned whether these should be considered as performance of the company.

One other participant from a ratings agency referred to pension accounting and that existing pension plans often lasted for a long period of time. He questioned whether changes in the Conceptual Framework could lead to changes in how pension plans would be accounted for, particularly for those that existed now but might be close to maturity at a time of potential change.
He was interested in knowing whether more of the changes in pension liabilities would be considered performance.

Steve Cooper replied that it seemed as if only P&L was considered to reflect performance. In his view, both OCI and P&L reflected performance. The changes in pension liabilities were part of performance. The issue was how to best reflect different types of performance, such as those arising from changes in value of pension funds, changes in derivatives portfolios, regulated activities, etc. He acknowledged that some types of performance created significant volatility and what happened in the current year would not necessarily have predictive value. The IASB, because of the volatility and the large numbers involved, decided to include these items in OCI. However, he thought that having two categories (P&L and OCI) was not adequate to deal with the myriads of different types of gains and losses an entity has. What was needed was a way to categorise these so that investors could move away from the fixation on the bottom line.

Patricia McBride asked whether it could sometimes be useful to measure assets and liabilities differently in the balance sheet than for P&L, and include the difference in OCI.

A user panel member thought that such differences should be reported in OCI.

The panel suggested an integration approach rather than a distinction approach. The user panel noted that the discussion had mainly been focused on the distinction between OCI and P&L.
when discussing OCI and P&L.

questioned whether the discussion should instead be more focused on their integration.

One panellist recollected that in accordance with the ED on the Conceptual Framework, income and expenses should, in principle, be included in P&L, except for a number of specific situations. He considered that this approach would be in line with the idea of having more integration between OCI and P&L.

One other panellist would welcome more integration, such as having everything on “one page” so that users could easily analyse all components related to performance, including gains and losses that lurked in OCI.

One user highlighted that investors used, for valuation purposes, EBITDA. The integration of OCI and P&L could be useful, but it would depend on the industry. The IASB could provide more guidance and make further changes. Nonetheless, analysts would always make adjustments to the accounting numbers for one reason or another.

Patricia McBride summarised that the income statement could include additional subtotals to improve comparability and increase investors’ understanding of the performance and have information sorted by volatility.

**Should bad news (adverse litigation, for example) be reflected earlier than good news that is expected but still uncertain?**

Françoise Flores asked to what extent recognition and measurement should be affected by good or bad news. For example, assuming that there is a litigation in process and the final outcome of the litigation may lead to, even if not very likely, an outflow of resources from the entity, should an entity reflect this in the measurement and recognition of a liability, or just disclose the issue? Should an entity treat the litigation differently if the final outcome would lead to an inflow of resources to the entity?

Two members of the user panel thought that in principle, bad news should not be reflected earlier than good news. In their view, they should be treated equally.

Nonetheless, one panellist considered that it could depend on the type of investor. For example, a debt investor would
gains would depend on the type of investor.

probably prefer bad news to be reflected earlier than good news, while the equity investor would not.

One panellist considered that having transparency was key. The standard setter could not satisfy everybody. In different sectors, people would worry about the issue at different points in the economic cycle of an entity. He thought that long-term investors were more interested in prudence than short-term investors. He thought that the solution would be to describe the situation of the entity using narratives. He noted that in cases of uncertainty, although a number can always be provided to users, that number may not reflect the distribution of possible outcomes.

Professor Joachim Gassen noted that there was a tendency for markets to believe that companies tended to “beef up” earnings. Bringing more prudence to the financial statements might address this concern. He also agreed that narratives could be useful. However, in many cases companies entered into contracts which were based on balance sheet and income statement numbers (e.g. compensation contracts and debt covenants in a loan contract). In those cases, there was usually a preference for having numbers instead of narratives.

One user participant agreed and underlined the need for having accurate numbers regardless of the narrative, which could change with the change of management.

Professor Mark Clatworthy noted that it was difficult to know how a particular distribution around an estimate would be, so it would be difficult to present information about this. The only information that could be provided in the notes was how the management believed the distribution would look like, but this was not necessarily the right depiction.

One panellist agreed that the numbers provided about the distribution would be those of the management. However, he thought that analysts would still have to make their own assessment of the numbers provided. On stewardship, he noted that one of the issues he was interested in was to know whether there was another, and better way, to manage an entity than that of the management. He thought that information for that assessment would be helpful for active investors. Accordingly, there should also be information that would not reflect the management’s view of the business.
One preparer in the audience questioned whether it would be possible for a large company, such as a bank, to provide detailed narratives for each individual litigation in terms of potential risks, etc. This could create, for example, judicial problems or help third parties involved in the litigation. He also mentioned that an entity could have an insurance against certain litigation costs. He asked whether the entity should therefore recognise an asset for the reimbursement from the insurance company when it recognised a liability for the litigation costs.

One panellist replied that for the insurance contracts, there was a risk that the entity would not receive the money, even if it would have costs related to a litigation. Accordingly, the fact that there was a liability would not necessarily mean that there would also be an asset in those types of situations. On the other issue (narrative information about litigation) he thought that it was difficult to value an entity if only part of the information was provided.

**Concluding remarks**

Hans Buysse and Françoise Flores thanked the panellists and participants for their valuable feedback, which would be considered by EFRAG when sending input to the IASB on its *Conceptual Framework* project, as well as by EFFAS. Françoise Flores welcomed that the event had brought “food for thought”, particularly the idea of integrating the different elements of the financial statements that had been suggested by the user panel. She also acknowledged the message that although all information should be available, analyses of financial statements were carried out in steps, and users wanted information about the underlying profitability of the entity with volatility providing information about changes in risk exposures.
COULD PROFIT OR LOSS (P&L) BECOME MORE USEFUL?
AND WHAT IS THE ROLE OF OTHER COMPREHENSIVE INCOME (OCI)

JOINT OUTREACH INVESTOR EVENT
WEDNESDAY 1 JULY - EFRAG OFFICES BRUSSELS

SPEAKERS

Mark CLATWORTHY

Mark Clatworthy is Professor of Accounting and Head of the Department of Accounting and Finance at the University of Bristol. His research interests lie in the field of financial reporting, including the links between accounting information and capital markets and audit markets. His research in these areas has been published in various academic journals, including Accounting and Business Research, Journal of Accounting and Public Policy and Journal of Business Finance & Accounting.

Mark is associate editor of Accounting and Business Research and teaches in the areas of financial reporting and accounting and capital markets at undergraduate and postgraduate levels.

Before joining the University of Bristol, he was Professor of Accounting at Cardiff Business School, where he studied for his Ph.D. on the analysis of foreign equities.

Joachim GASSEN

Joachim Gassen holds the chair for financial accounting and auditing at the Humboldt-Universität of Berlin and is the vice dean of the School of Business and Economics. He obtained his diploma degree in economics from Westfälische-Wilhelms Universität Münster and his doctoral degree in Business from Ruhr-Universität Bochum. Before joining Humboldt University, he worked as a postdoctoral researcher at Ruhr-Universität Bochum and was a visiting scholar at New York University and University of Wisconsin – Madison.

His research focuses on international accounting and the impact of accounting information on markets and contracts, won several academic awards and is being published in leading national and international journals. Joachim Gassen enjoys teaching at undergraduate, graduate, PhD and executive levels.

He serves on the editorial board of several accounting and business journals and is the department editor for the accounting section of the German association journal Business Research. He also has been member of the management committee of the European Accounting Association.
Frank KLEIN

Frank Klein is working for Deutsche Asset & Wealth Management, which he re-joined in 2007. Having held a position within Deutsche Asset Management as Global Head of Product Management, he is currently working in institutional distribution (Global Client Group) for German corporate clients.

Prior to this, he spent eleven years (1996-2007) at Sal. Oppenheim Kapitalanlagegesellschaft KAG, where he served in a number of positions: German and European equity portfolio management for domestic and foreign institutional clients, Head of mid- and small-cap team, Oppenheim Research: Head of equity buyside research. Before joining Sal. Oppenheim, Frank Klein worked for Deutsche Bank AG (1984-1996) in a broad range of positions, mainly in the Asset Management area.

Since 2008, he has been a board member of the German national member society DVFA, and since 2011 he has been EFFAS EMC member.

Besides, he has been speaking at a number of national and international conferences.

Stefaan GENOE

Stefaan Genoe holds a Master in Business Administration from HUB with a major in Accountancy. He works for Petercam for more than 17 years where he started as a financial analyst covering the technology sector at the end of the nineties. He then became responsible for Petercam’s Dutch research team based in Amsterdam and since 2004 he is leading the group Equity Research department. He has covered diverse sectors such as technology, retail, industrials and telecom and has been involved in numerous IPO’s, SPO’s and capital market transactions in general. He currently is Head of Equity Research Petercam group and Deputy Head of the Brokerage department.
Glen SUAREZ

Glen Suarez is Executive Chairman of Knight Vinke Asset Management and a non-executive Director of the Edinburgh Investment Trust. He was previously Deputy CEO and Director of Investments at Knight Vinke.

Prior to joining Knight Vinke in 2006, Mr Suarez was head of Morgan Stanley’s European Energy and Utilities investment banking activities and before that he was a Director within Kleinwort Benson’s merchant banking team.

He main interests are in the energy and infrastructure and banking sectors. His experience includes advising several governments (including UK, Argentina, Spain & Italy) on privatisations and restructurings in their energy industries, advising on mergers and acquisitions, and more recently, as an activist investor, promoting change to improve shareholder value in a number of companies in Europe (including Suez, HSBC, UBS, Carrefour and Eni).

Mr Suarez graduated from Exeter College, Oxford and is a Fellow of the Institute of Chartered Accountants in England and Wales and a Fellow of the Royal Society of Arts Manufactures and Commerce.

Steve COOPER

Mr Cooper became a member of the IASB in 2007 having previously served on a number of IASB advisory groups, including the working group related to the development of IFRS 2 Share-based Payment and the joint international group advising the IASB and FASB on financial statement presentation. He was also a member of the IASB’s investor advisory group from its inception, now called the capital markets advisory committee.

Prior to joining the IASB, Mr Cooper was a Managing Director in the equities division of UBS Investment Bank. He joined UBS in 1997 as an analyst specialising in equity valuation and accounting for which he was voted the #1 analyst in Europe for several years. Subsequently he was also appointed as a member of the UBS research global investment recommendations committee and the investment committee of the UBS UK pension fund.

Mr Cooper has also had other investment banking related roles including corporate finance advisory at Schroders, now part of Citigroup, and financial analysis education and training.

Mr Cooper qualified as an accountant in 1983 and has a Master’s degree in Accounting and Finance from the London School of Economics.
Hans BUYSSE

Hans Buysse is a partner of SynCap Belgium, based in Brussels. SynCap Belgium is the Belgian Partner Firm of Clairfield International, a worldwide corporate finance firm that provides advisory services, mainly in cross-border mergers and acquisitions, to both international corporations and family-owned enterprises across an array of industries. Hans has more than 20 years banking and corporate finance experience. This includes buy side and sell side assignments, as well as MBO and IBO, within the energy & utilities sector, telecom, real estate and infrastructure. He also has extensive experience in structured finance, financial restructuring, strategic advisory, valuations and PPP. He was involved in most large Belgian PPP deals.

He started his career at KU Leuven, moved to Generale Bank in 1992 (Corporate Banking, Group Treasury (financial markets) and Central Credit Department). He cofounded the Corporate Finance division at Deloitte & Touche Belgium in 1997, worked as a partner for KPMG Corporate Finance up to 2007 and at NIBC Bank Belgium where he was head of Advisory.

Hans is vice Chairman of the Belgian Association of Financial Analysts (www.abaf-bvfa.be). He is EFFAS Executive Management Committee member and Treasurer (www.effas.org) and XBRL Europe Executive Committee member. He is also member of the ESMA Corporate Reporting Standing Committee’s Consultative Working Group (www.esma.europa.eu). Hans has been a Member of the EFRAG Board since November 2014.

He holds a master degree in Applied economics, specialised in finance, a master degree in management and a degree in Tax. He is a Certified European Financial Analyst (FSA accredited).

Françoise FLORES

Françoise Flores has been EFRAG TEG Chairman and CEO since April 2010. She chaired the organisation from 2010 until the reform in October 2014.

Prior to joining EFRAG, she was a partner of Mazars in France and one of the IFRS experts of the firm. In that capacity, she has been acting for several years as IFRS Technical Advisor to large European businesses (through Acteo, ERT and BUSINESSEUROPE). She has been a member of EFRAG TEG since April 2004.

Her IFRS expertise is backed up by over 20 years in controlling and financial reporting, of which 10 years as CFO, in the context of large and medium-sized international listed corporations.
Patricia McBride joined EFRAG on 29 April 2014 as Technical Director. Although she is a UK citizen, she has spent most of her career working in Asia-Oceania. She is well known in the international IFRS arena for her technical roles supporting the standard setters in Australia, New Zealand and Hong Kong. Part of her career was spent in academia and in her earlier days she was Chief Accountant of a subsidiary of a large German corporate for eight years. She has written for textbooks, academic journals and newspapers and has extensive experience explaining technical accounting issues to non-accountants.