Primary Financial Statements
EFRAG Secretariat's recommendations to EFRAG TEG on changes to EFRAG's initial position

Objective

1 The objective of the session is for EFRAG TEG to:

(a) discuss EFRAG Secretariat's recommendations to EFRAG TEG on changes to EFRAG's initial position;

(b) recommend a comment letter with final position to EFRAG Board.

Introduction

2 In this agenda paper, the EFRAG Secretariat provides a number of recommendations to EFRAG TEG on changes to EFRAG's initial position.

3 On 1 and 2 July, 2 September and 24 September EFRAG TEG received an update on EFRAG outreach activities. In those meetings, EFRAG TEG already provided some preliminary suggestions on how to improve EFRAG comment letter. (Agenda paper 02-02 Appendix with SOD from 24 September).

4 The EFRAG Secretariat proposes to attach to the final comment letter the summary of feedback received during the outreach programme and the field test, Agenda Paper *02-02 Overview of the feedback received from outreach activities.*

Question to EFRAG TEG

5 Do you agree to attach Agenda Paper 02-02 to the final comment letter?

6 In agenda paper 02-03 the EFRAG Secretariat provides an overview of the comments received (35 comment letters).

Changes to EFRAG Draft comment letter

7 The objective of the session is to discuss and agree to recommend to the EFRAG Board a draft comment letter on the exposure draft *General Presentation and Disclosure* (the 'ED'). This paper presents recommendations on possible changes. Changes to the cover letter will be considered and proposed once agreed on the changes to the detailed questions.

Section	EFRAG Secretariat's recommendations to EFRAG TEG on EFRAG's proposed final position
Question 1 – Operating profit or loss	1. **Presentation of operating profit or loss**: On the basis of feedback obtained by preparers, EFRAG understands that there are cases where the investment amounts are immaterial for entities that do and do not invest as part of their main business or in the course of their main business (if such investments are material, then it is likely that they will be presented in operating profit). Similarly, there may be cases where investments in associates and joint ventures are immaterial. In such cases, the subtotal 'operating profit or loss' would be equal to 'Profit or loss before financing and income tax' (this often occurs in practice). Considering this, the IASB should clarify how entities should present their subtotals when one or more line items would be immaterial, taking into account that operating profit is a key measure for users of the financial statements (e.g. expanding the scope of paragraph 64 of the ED). 2. **Presentation of operating profit for banks and financial conglomerates**: EFRAG notes that for banks and financial conglomerates, most of the income and expenses would be presented within operating profit or loss. EFRAG suggests that the IASB should further consider the presentation of subtotals for these entities, to avoid having a subtotal that formally improves comparability without significantly contributing to the relevance of the information; this could also encourage the use of non-GAAP measures. EFRAG suggests that the IASB consider how to adjust the required subtotals for banks and financing conglomerates.
Question 2 – Operating category	The following point would be added after paragraph 17: **3. Definition of operating category** – residual element: EFRAG considers that the IASB should further consider the consequences of having a residual element in the definition of operating profit or loss. In particular, EFRAG highlights that if the subtotal operating profit or loss is defined as a residual category, then entities will include in this subtotal minor or auxiliary business activities. This would mean that the operating category would provide a complete picture of an entity's operations but would conflict with the notion stated in paragraph 46 of the ED that the operating category includes information about 'income and expenses from an entity's main business

	activities'. EFRAG acknowledges that the IASB allows to present additional line items within operating profit and/or the use of MPMs (e.g. 'adjusted operating profit' or 'core profit') if entities wish to reflect such minor or auxiliary business activities separately within operating profit. **4. Definition of operating category** – more specific on guidance needed for 'main business activities' - further guidance is needed regarding: ○ the notion of 'an entity's main business activities', especially when considering different levels of reporting entities in a group context (e.g. the IASB should clarify as to whether the classification made at a lower reporting entity level shall be maintained after consolidation of the entity/subgroup into the financial statements presented); ○ when an entity is permitted or even required to reassess what constitutes its main business activities; ○ narrative disclosure required to provide a description of the nature of the entity's operations and its main business activities to help users understand the classification of income and expenses in the different categories. ○ the rationale for a different treatment of interest related to extended credit/debit terms for customers and suppliers; ○ present the operating profit by segments and reconciled with IFRS 8 information. **5. Definition of operating category for the insurance industry:** EFRAG considers that the IASB should further consider how its proposals should be applied to insurance companies and the interaction of the IASB's proposals with IFRS 17 and IFRS 9. For example, assess whether associates and joint ventures should be presented within operating profit or loss and consider the impact of requiring entities to present in operating profit the changes in fair value of insurance liabilities under IFRS 17 and financial assets under IFRS 9 (i.e. include in operating profit or loss fair value investment variances and economic assumption changes), particularly when comparing to entities that opt to use OCI. Also, the interaction between the operating and investing category and the presentation requirements in IFRS 17. **6. Definitions of operating, investing and financing** EFRAG recommends that the IASB include definitions for each of the new categories – 'operating', 'investing' and 'financing' – in Appendix A of the new IFRS Standard. **7. Definitions of operating, investing and financing:** the IASB should avoid circularity in its definitions. For example, paragraph BC49 states that the objective of the investing category is to 'identify returns from investments that are not part of the entity's main business activities', while the definition of operating profit or loss relies on the same notion 'income and expenses from an entity's main business activities'.

	8. **Definitions of operating, investing and financing:** Foreign exchange differences, hedging and risk mitigation activities: EFRAG acknowledges that tracking exchange differences, hedging or risk mitigation activities relate to the operating, investing and financing categories can be burdensome and costly. The IASB should also reconsider this issue and make a cost-benefit assessment. **9. Hedging activities:** Some preparers also have reported possible resulting mismatches between different line items, if the aggregated result of underlying components and hedging/risk mitigation components is not presented in the same line. Therefore, EFRAG suggests the IASB to consider that such requirements should be applied. More specifically, improve the guidance on grossing up related to the classification of derivatives and allow the presentation of related gains and losses in the operating category, particularly when all items being hedged are within operating profit.
Question 3 - income and expenses from investments made in the course of an entity's main business activities	**10. Separating returns from investments made in the course of an entity's main business activities from those that are not:** EFRAG suggests that the IASB should require all entities to separate the returns from investments made in the course of an entity's main business activities (to be presented in the operating category), from those that are not (to be presented in the investing category). However, the assessment on how to separate the two components should be done considering undue cost or effort and materiality consideration, without necessarily including these two components explicitly in the guidance. EFRAG also suggests the IASB to provide more guidance and examples, particularly for banks and insurance companies, on investments that are not made in the course of an entity's main business activities, which EFRAG assesses that it would apply to very limited situations and, consequently, are likely to not be material. **11. Additional guidance:** EFRAG considers that the IASB should provide additional guidance to help implementation. In particular, provide more guidance on ○ reclassifications of investments (e.g from investing to operating); ○ how its proposals should be applied to investment entities. For example, expand paragraph 64 of the ED so that an investment entity does not have to present the subtotal 'profit or loss before financing and income tax' if applying paragraph 52 of the ED it classifies all income and expenses from financing activities and all income and expenses from cash and cash equivalents in the operating category; ○ more examples of investments that are not made in the course of an entity's main business activities;
Question 4 - an entity that provides financing to	**12. Accounting option in paragraph 51 of the ED:** No changes proposed. Please see question to EFRAG TEG below.

customers as a main business activity	**13. Operating profit for banks and conglomerates:** as mentioned in question 1, EFRAG considers that the IASB should further consider how its proposals should be applied to banks and financial conglomerates, particularly the presentation of the subtotal ‘operating profit or loss’ if (substantially) all income and expenses, other than from coming from associates and joint ventures, relate to main business activities. As suggested above, the IAB should consider developing how the subtotals should be adjusted for these entities. (e.g. the IASB could assess whether in such cases banks and conglomerates should use ‘profit before income tax’ rather than ‘operating profit’ and if in such cases, operating profit can be an MPM). **14. Additional guidance:** EFRAG considers that the IASB should provide additional guidance to help implementation. In particular, provide more guidance and examples on: ○ financing activities that do not relate to the provision of financing to customers for entities that provide financial services (e.g. collection of funds from customers and investing these funds without as main business activity, without providing funding to clients); ○ additional guidance on determining what are the “main business activities” of an entity, particularly for non-financial entities. EFRAG assesses that for non-financial entities, challenges will arise when deciding whether providing financing to customers is a main business activity or not (e.g. cases where an entity provides significant financing to customers but does not disclose it in a separate business segment under IFRS 8).
Question 5 - the investing category	**15. Presentation of operating profit or loss and investing category:** Cross reference to the issues mentioned above when investing category is not material. **16. Definition of investing category:** Based on the feedback obtained, EFRAG considers that the definition of the investing category is not sufficiently clear to ensure consistent and comparable application. For example, clarifications are needed for: ○ what constitutes ‘entity’s main business activities’, including examples of investments that are not part of the entity’s main business activities; ○ incremental expenses, (e.g. whether, for example, legal and advisory fees for activities including due diligence, negotiating terms, preparing legal documents, etc. are incremental); ○ how entities should classify specific items such as contingent consideration from business combinations, goodwill impairment losses, acquisition-related costs incurred in a business combination, the interests paid on investments, gains or losses arising from disposals of businesses and consolidated subsidiaries, remeasurements of previously held interest in associate and JV due to the obtaining of control over, negative

	interest payments (including the rationale for considering some or all of these components as belonging to the investment category rather than the operating category); ○ the interaction of the classification of exchange differences and hedging instruments with the chosen presentation of operating expenses (by nature or by function). ○ the classification of exchange differences (e.g. intercompany loans); ○ the classification of hedging instruments (e.g. ineffective hedging portion and non-designated hedging instruments). ○ In addition, the IASB should include the definition of 'investing' category in Appendix A of the new IFRS Standard. ○ Finally, The IASB should avoid this type of circularity in its definitions. For example, paragraph BC49 states that the objective of the investing category is to 'identify returns from investments that are not part of the entity's main business activities', while the definition of operating profit or loss relies on the same notion 'income and expenses from an entity's main business activities. 17. **Classification of income and expenses on cash and cash equivalents for non-financial entities:** EFRAG acknowledges that, for entities other than those that provide financing to customers as their main business activities, there are arguments for presenting income and expense on cash and cash equivalents as operating, investing or financing. Thus, any rule-based requirements will never allow management to satisfactorily allocate such income and expenses. EFRAG also notes that separate presentation of cash and equivalents may not be necessary if the amounts are immaterial, which would raise question on the allocation of the amount. EFRAG acknowledges that the IASB has developed this proposal as a conventional approach, knowing that different approaches are conceptually possible. However, EFRAG suggests the IASB to improve the definitions of operating, investing and financing categories and then let management apply those definitions to the income and expenses that arise from cash and cash equivalents (i.e. whether cash and cash equivalents are managed within the operating, investing and financing categories). Such an approach would be similar to the IASB's proposals on exchange differences and hedging activities. Such an approach would also avoid putting stress on the definition of cash and cash equivalents, a concept that already raises questions in practice. A possible direction for this split would to classify large cash balances in excess of operating needs within financing category (i.e. linked to net debt), the components is linked to the management of investments in assets would go in the investing category and the components linked to operating needs would go in operating.

Question 6 - profit or loss before financing and income tax and the financing category	18. **Time value of money:** Recommend the IASB to clarify the categorisation of interest income and expenses related to assets, particularly when taking into account paragraphs 49(c), B37(d) and BC43 altogether. 19. **Additional guidance:** EFRAG considers that the IASB should provide additional guidance to help implementation. In particular, provide more guidance and examples on: ○ the scope of “other liabilities” in paragraph 49 (c). For example, whether provisions for uncertain tax positions are within the scope of other liabilities. The IASB should also clarify whether interest income and expenses on uncertain tax amounts are included in the same category ○ clarify whether immaterial items from financing and investing activities can be presented within the operating category 20. **Income and expenses that reflect the effect of the time value of money on liabilities that do not arise from financing activities:** EFRAG acknowledges that there are arguments for presenting the time value of money as operating or financing. Thus, any rule-based requirements will never allow management to satisfactorily allocate such income and expenses. The IASB is proposing a separate line within the financing category in order to offer a practical approach to identify these components. EFRAG also notes that separate presentation of such items may not be necessary if the amounts are immaterial, which would raise question on the allocation of the amount. Considering this, EFRAG suggests the IASB to improve the definitions of operating, investing and financing categories and then let management apply those definitions to these income and expenses.
Question 7: Integral and non-integral	21. **Excluding the share of profit or loss of equity accounted investments from the operating category:** EFRAG understands from users’ feedback that the presentation of a subtotal of operating profit net of this component provides useful information and will allow for more comparability regarding the operating line. Therefore, EFRAG supports this approach. 22. **Definition of integral associates and joint ventures**: EFRAG welcomes the IASB efforts to provide a distinction between integral and non-integral associates and joint ventures as it would provide relevant information to users of financial statements and help them to easily distinguish between associates and joint ventures that are closely related to the entity's main business activities and those that are not. However, as also confirmed by the feedback received, EFRAG considers that the proposed definition would involve significant judgement and raise more questions than answers. On the basis of the feedback received, preparers consider that the current definition excludes from the integral some investments that management regards as belonging to their main business activities. Examples include:

	○ investments in entities operating in the markets where the acquisition of control by a foreign entity is generally not possible, nor it is feasible to achieve operational integration; nevertheless management sees these investments as integral to their business; ○ investments in entities using the brand name of the reporting entity for business reasons but nevertheless seen as integral to the reporting entity's business; ○ investments in entities belonging to the same operating sector as the reporting entity, where there is no integrated business, but seen as integral to the reporting entity's business, etc. 23. Therefore, the IASB might consider to clarify or revisit the conceptual dividing line between integral and non-integral, including to anchor such definition to the "main business activity". In addition, clarification would be welcome on the following concepts: "generate a return individually and largely independently of the other assets of the entity", 'significant interdependency' between the entity and an associate or joint venture. The IASB should also provide more guidance (e.g. indicators) and examples to foster a consistent application of the proposal. 24. **Separate presentation of integral and non-integral associates and joint ventures:** EFRAG does not support the IASB proposal to require an entity to present on the face of the statement of profit or loss a subtotal for operating profit or loss and income and expenses from integral associates and joint ventures. The proposed new subtotal would give undue prominence to the two categories (integral/non integral), would be highly judgemental and, as such, not add significant value to the users of financial statements. EFRAG suggests, should the IASB go forward with the proposal of separating the two categories, to require to present the results of all integral associates and joint ventures as a separate line item below and close to the operating profit on the face of the profit or loss and to require to present a split between "integral" and "non-integral" in the notes to the financial statements. This would allow users to make their decisions regarding the classification of an entity's interests in associates and joint ventures. 25. **More guidance on integral and non-integral associates and joint ventures:** should the IASB decide to proceed with its proposals, EFRAG suggests to expand the new paragraph 20D of IFRS 12 to widen the scope of integral associates and joint ventures to address, for example, joint arrangements in capital intensive industries, start-ups, co-operations in research and development, co-operations (minority positions) in foreign markets, etc. and to include additional indicators and more examples with the objective of reducing the level of judgement involved when making a distinction between integral and non-integral entities. **26. Insurance sector:** As anticipated above, EFRAG suggests the IASB to consider developing specific subtotals for financial institutions. The IASB should consider to present the results of integral and non-integral associates and joint ventures in two line items within operating category for insurance industry. This would reflect the

	business model of insurance entities. EFRAG also recommends to clarify how the IASB's proposals would apply to associates and joint ventures in the separate financial statements.
Question 8: Roles of the primary financial statements and the notes, aggregation and disaggregation [	27. Clarify: o whether assets can be aggregated in a single line item if they share a common operational purpose but differ in the way the assets are financed; o How the principles of (dis)aggregation relate to the use of comparatives. I.e. an entity ▪ would (not) need to retain the amount of detail presented in prior year financial statements (if it has concluded that another level of aggregation or disaggregation was appropriate); or ▪ may change its presentation (including a restatement of the comparative information presented). o how an entity can avoid that the application of the proposals in paragraphs 27 and 28 of the ED lead to presentation and disclosure of immaterial items obscuring the presentation of relevant information 28. EFRAG notes finally that the proposals in the ED are not consistent with the approach proposed in the Discussion Paper on Goodwill and Impairment with regard to the presentation of goodwill.
Question 9 – Analysis of expenses	29. **Proposal to disclose by nature when presenting on the face by function:** EFRAG has further gathered evidence that, while it is feasible for some entities to develop information on a by-function or by-nature basis in an easy way, for other entities important costs are involved due to the existence of legacy systems. 30. **Description of by nature and by function**: Ask the IASB to provide a better description of by nature and by function, as in particular a definition of “by function” is missing. 31. **Mixed presentation for financial institutions**: EFRAG understands that the use of a mixed approach is frequent in these entities. Ask the IASB to clarify the scope on the use of a mixed basis for financial conglomerates (i.e which entities are allowed to use a mixed basis), particularly when the IASB proposals together with other standards (IFRS 9 and IFRS 17) means that an entity has to present on mixed basis. 32. **Disclosures by nature when required to present on a mixed basis**: When entities are required to present a mixed basis (in accordance with paragraph 65 of the ED and IFRS 17), ask the IASB to clarify how the requirement on disclosures by nature in paragraph 72 of the ED would apply to such entities. 33. The predictive value of some expense items under the nature of expense method might be low such as ‘reversal of inventory write downs’, ‘impairment of property, plant and equipment”, ‘impairment losses on trade

	receivables', 'gains (losses) on derivatives', and 'other miscellaneous expenses'. The IASB is to investigate further which information about operating expenses by nature is needed by users of financial statements. 34. Additional guidance required: ○ A clear definition of "by function" is missing, more examples are needed; ○ Define costs of sales; ○ split of expenses by business lines and linkage to IFRS 8; ○ Clarify par. B65 in combination with B47, clarify par. B15; ○ Impairment of GW should be a separate line on the face; ○ Concerns with some of the indicators of B45; ○ Address the change in estimates (retrospective).
Question 10 – Unusual income and expenses	35. **Emphasize that the scope is too narrow**: EFRAG highlights that the definition of unusual items seems to be rather narrow, particularly when considering B67. <u>This would restrict the number of unusual items identified and, consequently, limit the usefulness of the disclosures.</u> 36. **Terminology 'several future annual reporting periods' and 'predictive value'**: EFRAG highlights that the terms 'several future annual reporting periods' and 'predictive value' will involve significant judgement and requests the IASB to further consider and test the use of such terminology, particularly against situations of unusual events, such as covid19. For example, regarding some costs such as restructuring costs (that may be present for more than one year), covid-19 expenses, questions will raise on where the limit would be when identifying the affected future periods. EFRAG suggests the IASB to articulate a clear principle for "limited predictive value". 37. **Reporting the amounts of unusual items**: EFRAG considers that the IASB should clarify (particularly in paragraph B69 of the ED) whether the whole amount should be recognised as unusual or only the incremental part of it (i.e. costs are outside the range of reasonably expected outcomes and not predictive of future costs) when the amount varies significantly from previous periods. For example, if an entity has litigation expenses, whether a major litigation would be considered as an unusual item in its entirety or whether an entity should only consider the excess amount when comparing to the amounts of litigation expenses that are inside the range of reasonably expected outcomes. This is relevant when considering, for example, loan impairment losses (normal vs unusual due to covid19). Clarification of the definition of unusual income and expenses: EFRAG notes that it is not completely clear whether the proposal requires income or expenses with limited predictive value to be

	similar both in type and amount, or fulfilling one of these two criteria is sufficient to meet the definition of unusual. This is because paragraphs B68 ('consider both the type of the income or expense and its amount') and B69 ('Income and expenses that are not unusual by type may be unusual in amount') of the ED seemed to be contradictory. 38. **Materiality:** EFRAG suggests that the IASB reconsiders paragraph 101 of the ED so that the information provided on the note on unusual incomes and expenses adheres to the materiality principle. 39. **Interaction with IFRS 8:** Finally, EFRAG suggests that the IASB considers linking its proposals with IFRS 8. More specifically, entities with multiple business activities should be allowed or even required to analyse and identify unusual income and expenses on a segment level. 40. **Interaction with MPM**: the practice to adjust subtotals of profit or loss to eliminate non-recurring items is widespread. When such MPM is used, the new disclosure of unusual income and expenses may result in offering two different presentation approaches to the same topic. EFRAG suggests the IASB to articulate how the disclosure on unusual items would interact with MPMs that are adjusted subtotals of profit or loss.
Question 11 – Management Performance Measures	41. **Scope of disclosed MPMs** a. **public communication**: EFRAG agrees with the proposal to include in the scope MPMs that are presented in public communication, however proposes to limit the definition of "public communication" to the communications released together with the annual and/or interim reports. b. **MPMs within the financial statements:** The initial position in DCL in paragraph 179 would be kept i.e. EFRAG suggests that the same reconciliations are required also for MPMs presented within the financial statements but not outside (i.e. in other public communication); c. **Measures required by regulators**: Indicators and measures required by regulators are not in scope of the MPM disclosure: d. Paragraph 177 would be deleted, as well as paragraphs 180-184. 42. EFRAG agrees that the MPM disclosure should be presented in the financial statements. 43. **Change in measurement of MPMs** EFRAG suggests the IASB to clarify whether changes in the use of MPMs or their calculation would constitute a change in an accounting policy and, consequently, whether entities may only change when it results in the financial statements providing reliable and more relevant information (MPMs often change over time).

	44. **Disclosing tax and NCI effect in reconciliation**: consider to remove the requirement to provide income tax and NCI effect of each adjustment as its costs are likely to exceed the benefits; alternatively the requirement would be to limited to income tax and NCI effect only if an entity presents an adjusted EPS ratio based on the MPM. 45. Allowing incorporation by reference to IFRS 8 disclosure and/or management reports.
Question 12 – EBITDA	46. [**Note to TEG members: Split views many supported vs many opposed** the request of EFRAG to define EBITDA]. Even users were providing different views. 47. The initial position in the DCL would be kept unchanged.
Question 13 – Statement of cash flows	48. The initial position in the DCL would be kept unchanged (except for reverse factoring see below). 49. **Reverse factoring:** EFRAG would welcome guidance on the presentation of arrangements where an intermediate is used to pay trade receivables (i.e. supply-chain financing arrangements or reverse factoring). 50. See separate Question to EFRAG TEG below for a possible change.
Question 14 Other	51. **Effective date and transition:** EFRAG recommends that consideration is given to the practicalities and timescales of implementation of IFRS 17 together with any new standards or amendments arising from the ED. 52. **Effective date and transition:** EFRAG considers that the proposed time of 18 to 24 month for a retrospective first-time application may not be sufficient.

Questions for EFRAG TEG on topics that included questions to constituents

Questions for EFRAG TEG *(Question 2 - the operating category)*

Questions for EFRAG TEG *(Question 3 - the operating category: income and expenses from investments made in the course of an entity's main business activities)*

1 Does EFRAG TEG agree with the EFRAG Secretariat proposal on separating returns from investments made in the course of an entity's main business activities from those that are not?

Questions for EFRAG TEG *(Question 4 – The operating category: an entity that provides financing to customers as a main business activity)*

2 Does EFRAG TEG agree with the EFRAG Secretariat proposal on accounting option in paragraph 51 of the ED (Option 1 below) or do you consider it is better one of the following alternatives?

Option 1

3 Like in EFRAG DCL, option to split (51 b**) only when financing to customers is dominant/key business activity.** This would impair comparability only in the financial services sector, even though all financial institutions are expected to use paragraph 51(b).

Option 2

4 Require entities to undertake the split (51 b) unless this would involve undue cost or effort. For entities for which the allocation would involve undue cost or effort, a **set of additional disclosures** in a single note could be required to provide further information in this regard.

Option 3

5 Require entities to undertake the split (51 b) unless this would involve undue cost or effort. For entities for which the allocation would involve undue cost or effort, all the financing components would be in financing and all cash and cash equivalent in investing.

Option 4

6 Requirement to have all financing items in operating when **financing to customers is dominant/key business activities?**

Questions for EFRAG TEG *(Question 5 – The investing category)*

7 Does EFRAG TEG agree with the EFRAG Secretariat proposal on exchange differences and hedging activities?

Questions for EFRAG TEG *(Question 5 – The investing category and Question 6 – profit or loss before financing and income tax and the financing category)*

8 Does EFRAG TEG agree with the EFRAG Secretariat proposal for income and expenses on cash and cash equivalents and Income and expenses that reflect the effect of the time value of money on liabilities that do not arise from financing activities?

Questions for EFRAG TEG *(Question 7: Integral and non-integral)*

9 Does EFRAG TEG agree with the EFRAG Secretariat proposals on the proposed definition of integral and non-integral associates and joint ventures? If not, what do you propose?

10 Does EFRAG TEG agree with the EFRAG Secretariat proposals to provide more guidance on integral and non-integral associates and joint ventures? *(Question to constituents in paragraph 93 of EFRAG DCL).* If not, what do you propose?

11 Does EFRAG TEG agree with the EFRAG Secretariat proposals on the separate presentation of the income and expenses from integral associates and joint ventures? If not, what do you propose?

12 Does EFRAG TEG agree with the EFRAG Secretariat conclusion not to propose the separate presentation or disclosure of the income tax related to associates and joint-ventures accounted for under the equity method? *(Question to constituents in paragraph 94 of EFRAG DCL)*

Questions to EFRAG TEG *(Question 9 – analysis of operating expenses)*

13 The EFRAG Secretariat asked constituents whether it is useful to have disclosures by nature in a single when an entity presents its expenses within operating profit or loss by function. Based on the inputs received, does EFRAG TEG agree with the answer in paragraphs 78 to 80 of the FCL?

14 The EFRAG Secretariat asked constituents their views about presentation either by nature or by function (no mix), presentation by nature or by function with limited additional requirements or the use of a mixed presentation basis. Based on the inputs received, does EFRAG TEG agree with the answer in paragraphs 74 to 77 and paragraph 81 to 84 of the FCL?

Questions to EFRAG TEG *(Question 11 – Management performance measures)*

15 The EFRAG Secretariat asked constituents their assessment of the overall costs and benefits of the IASB's proposal on the calculation of the income tax effect and the effect on non-controlling interests. Based on the inputs received, does EFRAG TEG agree with the answer in paragraph 119 of the FCL?

16 The EFRAG Secretariat asked constituents their assessment on number of MPMs that will need to be disclosed by entities under the IASB's proposals. Based on the inputs received, does EFRAG TEG agree with the answer in paragraphs 109 to 122 of the FCL?

17 The EFRAG Secretariat asked constituents their assessment on the relevance of the MPMs identified. Based on the inputs received, does EFRAG TEG agree with the answer in paragraphs 109 to 122 of the FCL?

18 The EFRAG Secretariat asked constituents their views on two scope alternatives to the IASB proposals. Based on the inputs received, does EFRAG TEG agree with not providing an alternative proposal to the IASB?

19 The EFRAG Secretariat asked constituents whether they agreed with EFRAG's suggestion to apply the MPM requirements also to the non-GAAP performance measures, presented within financial statements, that may not satisfy the proposed criteria of MPMs. Based on the inputs received, does EFRAG TEG agree with the answer in paragraphs 109 to 122 of the FCL?

20 The EFRAG Secretariat asked constituents whether they believed that the IASB's proposals on the structure and content of the statement of profit or loss will lead to an increased number of MPMs. Based on the inputs received, does EFRAG TEG agree with the answer in paragraphs 109 to 122 of the FCL?

Question to EFRAG TEG *(Question 13 – Statement of cash flows)*

21 Considering the feedback from comment letter, the EFRAG secretariat has kept unchanged the position on this topic.

22 In previous EFRAG TEG discussions a possible different position was considered, which would imply that EFRAG does not support the proposed changes at this stage: *EFRAG would prefer that the IASB would launch a separate project for undertaking a review of IAS 7 in the light of the proposals on the new structure and content of the statement of profit or loss, rather than having a piecemeal changes to IAS 7.*

23 Does EFRAG TEG confirm the current position in the letter (unchanged from the DCL) or would consider moving to the position above?

Questions for EFRAG TEG *(Question 14 – Other)*

24 Does EFRAG TEG agree with the changes suggested by the EFRAG Secretariat?