

Wayne Upton  
Chair  
IFRS Interpretations Committee  
30 Cannon Street  
London  
EC4M 6XH

7 May 2014

Dear Wayne

**IFRS Interpretations Committee's (IFRS IC) tentative agenda decision on IAS 1 – Presentation of financial statements: issues related to the application of IAS 1**

We have considered the tentative decision reached by the IFRS IC at its January meeting not to add to its agenda issues raised in respect of financial statement presentation. In light of the IASB's Disclosure Initiative and other agenda projects, we agree that these issues will be best addressed by the IASB.

We generally agree with the analysis to support the tentative agenda decision, with the exception of the analysis under the sub-heading "*presentation of additional statements or columns in the primary statements*". In particular, we are concerned by the statement "*the addition of pro forma columns to the primary statements would be unlikely to meet [the] requirement [of paragraph 112(c) of IAS 1]*".

**Meaning of pro forma**

It is not clear what is meant by "pro forma columns". We would be concerned if the term was interpreted as referring to any additional columns, including those that, effectively, sub-analyse the IFRS information, i.e. where all columns contain information which is fundamentally consistent with the requirements of IFRS except that, when looked at in isolation, they are incomplete and are "cross-cast" to result in a total column that is fully compliant.

It is not uncommon for UK preparers of IFRS financial statements to provide columns to analyse results before and after non-recurring, unusual or individually material items. We understand that the motivation for doing so is not compliance with paragraph 112(c) of IAS 1, but rather compliance with paragraph 85. In our view, such a multi-columnar presentation can be seen as the presentation of "*additional line items, headings and subtotals*" which, in some instances, would be "*relevant to an understanding of the entity's financial performance*".

## Understanding the rationale

The tentative agenda decision does not set out the rationale for making the statement. In the absence of any justification of the statement, preparers will be unable to determine when such a presentation might result in compliance with paragraph 112(c), however unlikely such compliance might be.

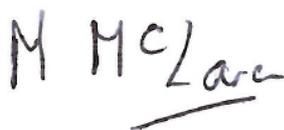
Further, the tentative agenda decision does not conclude as to whether such a presentation is or is not likely to comply with IAS 1 generally but rather addresses compliance with one particular requirement of IAS 1, i.e. paragraph 112(c).

As we have pointed out, the motivation may be compliance with paragraph 85, which we believe can, in some cases, be achieved by a multi-columnar presentation. We do not consider paragraphs 85 and 86 preclude the presentation of additional line items, headings and sub-totals horizontally across a statement of profit or loss and other comprehensive income through the use of multiple columns.

Therefore, we request that, in finalising the agenda decision it is made clear that the use of additional columns may faithfully represent an entity's financial performance where they effectively sub-analyse the information by providing additional line items, headings and subtotals but not where an individual column provides hypothetical information or information which is not compliant with IFRS beyond its obvious incompleteness.

We would happy to discuss these issues further with you.

Yours sincerely

A handwritten signature in black ink that reads "M McLaren". The signature is written in a cursive style with a horizontal line underneath the name.

**Melanie McLaren**

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