

STAFF PAPER

April 2021

IASB[®] Meeting

Project	Primary Financial Statements
Paper topic	Cover note and summary of feedback

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Purpose of this meeting

1. At this meeting we will continue redeliberating the proposals from the Exposure Draft *General Presentation and Disclosures* by initiating redeliberations of proposals for the principles of aggregation and disaggregation and the roles of the primary financial statements and notes.
2. We will discuss Agenda Paper 21A: *Principles of aggregation and disaggregation and roles of the primary financial statements and the notes*.

Next steps

3. At future Board meetings, we will continue redeliberating the project proposals.

Summary of proposals and feedback

4. The Appendix summarises proposals in the Exposure Draft and feedback received. As the Board redeliberates the proposals, we will be updating the Appendix to include the tentative decisions.

Appendix—Summary of proposals, feedback and tentative decisions

Topic and ref	Summary of proposals	Summary of feedback	Tentative decisions
<p>December 2020 AP21B Subtotals and categories – general model</p> <p>March 2021 AP21A Subtotals in the statement of profit or loss- operating profit</p>	<p>A1. The Exposure Draft proposed that an entity presents the following new subtotals in the statement of profit or loss (paragraph 60 of the Exposure Draft):</p> <ul style="list-style-type: none"> a) operating profit or loss (operating profit); b) operating profit or loss and income and expenses from integral associates and joint ventures; and c) profit or loss before financing and income tax. <p>A2. In applying these proposed new subtotals, an entity would present in the statement of profit or loss income and expenses classified in the following categories (paragraph 45 of the Exposure Draft):</p> <ul style="list-style-type: none"> a) operating; b) integral associates and joint ventures; c) investing; and d) financing. <p>A3. The investing category would include returns from investments, that is, income and expenses from assets that generate a return individually and largely independently of other resources held by an entity. The investing category would also include related incremental expenses (paragraph 47 of the Exposure Draft).¹</p>	<p>A7. Most respondents agreed with the proposals to introduce defined subtotals and categories in the statement of profit or loss. They think the proposals have the potential to result in useful information and improve comparability between entities.</p> <p>A8. However, some respondents said additional guidance would be needed to achieve consistent application and comparability, including guidance on the definitions of the categories and the term ‘main business activities’.</p> <p>A9. Many respondents expressed concerns about:</p> <ul style="list-style-type: none"> a) the proposed classification of foreign exchange differences and of fair value gains and losses on derivatives and hedging instruments—they question whether the benefits of such classification would outweigh the costs; and b) the proposed labels for the categories in the statement of profit or loss—they say it is confusing that the labels are similar 	<p>A11. The Board confirmed that:</p> <ul style="list-style-type: none"> a) entities would be required to present an operating profit subtotal in the statement of profit or loss; b) these types of income and expenses shall not be classified in the operating category: investing, financing, income tax, and discontinued operations. c) the operating category comprises all income and expenses arising from an entity’s operations, including volatile and unusual income and expenses arising from an entity’s operations; and includes, but is not limited to, income and

¹ Also see paragraphs B32–B33 and BC48–BC52 of the Exposure Draft.

Topic and ref	Summary of proposals	Summary of feedback	Tentative decisions
	<p>A4. The financing category would include (paragraph 49 of the Exposure Draft):²</p> <ul style="list-style-type: none"> a) income and expenses from cash and cash equivalents; b) income and expenses on liabilities arising from financing activities; and c) interest income and expenses on other liabilities, for example, the unwinding of discounts on pension liabilities and provisions. <p>A5. The operating category would include income or expenses not classified in the other categories such as the investing category or the financing category. In other words, the operating category would be the default category (paragraph 46 of the Exposure Draft).³</p> <p>A6. The Exposure Draft proposed specific requirements for entities with particular main business activities, to ensure that the operating category includes all income and expenses from their main business activities. These requirements and related feedback are discussed in Agenda Paper 21C of the December 2020 Board meeting.</p>	<p>to the labels of the categories in the statement of cash flows, although the content of the categories is different.</p> <p>A10. Some respondents expressed concerns about:</p> <ul style="list-style-type: none"> a) defining the operating category as a residual category—mainly because they disagree with including in operating profit some income and expenses that are unusual, volatile or do not arise from an entity’s main business activities; and b) the proposed classification of income and expenses from cash and cash equivalents and other investments held as part of treasury activities. 	<p>expenses from an entity's main business activities.</p> <p>A12. The Board tentative decided not to develop a direct definition of operating profit.</p> <p>A13. The Board will discuss at a future meeting the precise definition of the investing and financing categories including how they apply to entities for which investing and financing are main business activities as well as other aspects of proposals.</p>
<p>December 2020 AP21C Subtotals and categories – entities with particular main</p>	<p>A14. In addition to the general model, the Exposure Draft proposed specific requirements for entities with particular main business activities to ensure that the operating category includes all income and expenses from their main business activities. The Exposure Draft proposed that the operating category would include:</p>	<p>A15. Most respondents agreed with the proposals to require entities to classify in the operating category:</p>	<p>A18. The Board will discuss these proposals at a future Board meeting.</p>

² Also see paragraphs B34–B37 and BC33–BC47 of the Exposure Draft.

³ Also see paragraphs BC53–BC57 of the Exposure Draft.

Topic and ref	Summary of proposals	Summary of feedback	Tentative decisions
business activities	<p>a) income and expenses from investments made in the course of an entity’s main business activities (paragraph 48 of the Exposure Draft). For example, this proposal would apply to insurers and investment entities. An entity would assess on an asset-by-asset basis whether investments are made in the course of its main business activities.⁴</p> <p>b) some or all income and expenses from financing activities and income and expenses from cash and cash equivalents if the entity provides financing to customers as a main business activity (paragraph 51 of the Exposure Draft). For example, this proposal would apply to banks and entities that provide financing to customers purchasing their products. The choice of whether some or all such income and expenses is included in the operating category would be an accounting policy choice.⁵</p> <p>c) income and expenses from cash and cash equivalents if the entity, in the course of its main business activities, invests in financial assets that generate a return individually and largely independently of other resources held by the entity (paragraph 52(a) of the Exposure Draft).⁶</p> <p>d) income and expenses on liabilities arising from issued investment contracts with participation features recognised applying IFRS 9 <i>Financial Instruments</i> (paragraph 52(b) of the Exposure Draft).⁷</p>	<p>a) income and expenses from investments made in the course of an entity’s main business activities; and</p> <p>b) income and expenses from financing activities and income and expenses from cash and cash equivalents if the entity provides financing to customers as a main business activity.</p> <p>A16. However, many respondents said additional guidance would be needed to achieve consistent application and comparability, including guidance on the terms ‘main business activities’ and ‘in the course of main business activities’.</p> <p>A17. Many respondents disagreed with the proposed accounting policy choice for entities that provide financing to customers as a main business activity. Some respondents suggest that, to improve comparability between entities, the accounting policy choice should be restricted or replaced with a practical expedient.</p>	

⁴ Also see paragraphs B27 and BC58–BC61 of the Exposure Draft.

⁵ Also see paragraphs B28–B29 and BC62–BC69 of the Exposure Draft.

⁶ Also see paragraphs B30 and BC70–BC72 of the Exposure Draft.

⁷ Also see paragraphs BC74–BC76 of the Exposure Draft.

Topic and ref	Summary of proposals	Summary of feedback	Tentative decisions
	<p>e) insurance finance income and expenses included in profit or loss (paragraph 52(c) of the Exposure Draft).⁸</p>		
<p>December 2020 AP21D Subtotals and categories – Integral and non-integral associates and JVs</p>	<p>A19. The Exposure Draft proposed to require an entity to classify its equity-accounted associates and joint ventures as either integral or non-integral to the entity’s main business activities, and proposed definitions of integral and non-integral associates and joint ventures. The Exposure Draft also proposed to require an entity to provide information about integral associates and joint ventures separately from that for non-integral associates and joint ventures. The Exposure Draft proposed that an entity would be required to:</p> <p>a) classify, in the ‘integral associates and joint ventures’ category of the statement of profit or loss, income and expenses from integral associates and joint ventures, and present a subtotal for ‘operating profit or loss and income and expenses from integral associates and joint ventures’ (paragraphs 53 and 60(b) of the Exposure Draft);</p> <p>b) present, in each of the categories of the statement of comprehensive income, the share of other comprehensive income of integral associates and joint ventures separately from non-integral associates and joint ventures (paragraph 75(a) of the Exposure Draft);</p> <p>c) present, in the statement of financial position, investments in integral associates and joint ventures separately from investments in non-integral associates and joint ventures (paragraphs 82(g)–82(h) of the Exposure Draft); and</p> <p>d) disclose, in the notes, information required by paragraph 20 of IFRS 12 <i>Disclosure of Interests in Other Entities</i> for</p>	<p>A21. Respondents expressed diverse opinions across various aspects of the proposals in the Exposure Draft. Many respondents did not express an overall view, commenting instead on specific aspects of the proposals. However, of those that expressed an overall view, more disagreed with the proposals than agreed.</p> <p>A22. Most respondents highlighted concerns with the proposals. These respondents included respondents that agreed with the proposals, respondents that disagreed and respondents that did not express an overall view. Their concerns relate to:</p> <p>a) the proposal to identify separately integral associates and joint ventures;</p> <p>b) the proposed definition of integral and non-integral associates and joint ventures; and</p> <p>c) the separate presentation of amounts relating to these investments in the primary financial statements.</p> <p>A23. Overall, there is not much support among stakeholders for the proposals. Both preparers and users generally disagreed with the proposals. However, most users agreed with</p>	<p>A25. The Board will discuss these proposals at a future Board meeting.</p>

⁸ Also see paragraphs BC73 of the Exposure Draft.

Topic and ref	Summary of proposals	Summary of feedback	Tentative decisions
	<p>integral associates and joint ventures separately from non-integral associates and joint ventures (proposed new paragraph 20E of IFRS 12).</p> <p>A20. The proposed new paragraphs 20A–20E of IFRS 12 and 38A of IAS 7, the proposed requirements are set out in paragraphs 60(b), 53, 75(a), 82(g)–82(h) of the Exposure Draft and paragraphs BC77–BC89 and BC205–BC213 of the Basis for Conclusions describe the Board’s reasons for these proposals and discuss approaches that were considered but rejected by the Board.</p>	<p>one aspect of the proposal, the exclusion from operating profit of the share of profit or loss from equity-accounted associates and joint ventures.</p> <p>A24. Feedback from fieldwork identified many practical difficulties with the proposed requirements.</p>	
<p>December 2020 AP21E Disaggregation – general proposals and minimum line items</p>	<p>A26. The Exposure Draft proposed to describe the roles of the primary financial statements and the notes. The Exposure Draft also proposed principles and general requirements on the aggregation and disaggregation of information—the principles would be applicable to both presentation in the primary financial statements and disclosures in the notes. The principles would require an entity to classify identified assets, liabilities, equity, income and expenses into groups based on shared characteristics and to separate those items based on further characteristics. The Exposure Draft also proposed to require an entity to use meaningful labels for the group of immaterial items that are not similar and to consider whether it is appropriate to use non-descriptive labels such as ‘other’.</p> <p>A27. The Exposure Draft proposed some additional minimum line items to be presented in the statement of profit or loss (expenses from financing activities and share of profit or loss from integral and non-integral associates and joint ventures) and in the statement of financial position (goodwill and integral and non-integral associates and joint ventures).</p> <p>A28. The proposed requirements, including those proposed to be carried over from IAS 1, are set out in paragraphs 20–21, 25–28, and B5–B15 of the Exposure Draft and paragraphs BC19–BC27 of the</p>	<p>A29. Many respondents commented on the roles of primary financial statements and notes. Of these, most agreed with the proposals and a few disagreed.</p> <p>A30. Most respondents commented on the principles of aggregation and disaggregation and the proposals relating to disaggregation and labelling of items described as ‘other’. Of these many agreed with the proposals but some disagreed, mostly expressing disagreement with proposals relating to items labelled as ‘other’. Many did not express agreement or disagreement and instead commented on the need for additional guidance or clarifications, particularly on the proposal relating to items labelled as ‘other’.</p> <p>A31. Some respondents commented on the requirements for minimum line items. Of those, some agreed with the proposals and some disagreed. Most respondents that</p>	<p>A32. The Board will discuss some of these proposals at this Board meeting.</p>

Topic and ref	Summary of proposals	Summary of feedback	Tentative decisions
	Basis for Conclusions describe the Board’s reasons for these proposals.	commented on the proposals said further guidance or clarification is needed.	
December 2020 AP21F Disaggregation – analysis of operating expenses	<p>A33. The Exposure Draft proposed to continue to require entities to present in the statement of profit or loss an analysis of operating expenses using either the nature of expense method or the function of expense method.</p> <p>A34. The Exposure Draft proposed the method presented should be the one that provides the most useful information to users of financial statements and that entities should not present line items mixing the two methods, with the exceptions of line items that are required line items. In addition, the Exposure Draft proposed to describe the factors to consider when deciding which method of operating expense analysis should be used.</p> <p>A35. An entity that presents an analysis of operating expenses using the function of expense method in the statement of profit or loss would also be required to disclose in a single note an analysis of its total operating expenses using the nature of expense method.</p> <p>A36. The proposed requirements are set out in paragraphs 68, 72 and B45–B48 of the Exposure Draft and paragraphs BC109–BC114 of the Basis for Conclusions describe the Board’s reasons for the proposals.</p>	<p>A37. Most respondents that commented on the proposals relating to the presentation of operating expenses in the statement of profit or loss. The respondents had mixed views.</p> <p>A38. Many respondents (mainly accountancy bodies and standard-setters) agreed and some (mainly preparers and their representative bodies) disagreed with the proposal to require an entity to select the method of analysis of operating expenses that is most useful;</p> <p style="margin-left: 20px;">a) some of those who agreed said that the factors included in the application guidance were helpful, including how management reports internally and industry practice.</p> <p style="margin-left: 20px;">b) some of those who disagreed said that entities already consider which method is most useful, so the proposals would require entities to incur additional costs for no reason, and the proposed guidance effectively gives an entity a free choice.</p> <p>A39. Many respondents (mainly users, accountancy bodies and standard-setters) agreed and many (mainly preparers and their representative bodies along with a few users) disagreed with the proposal to prohibit an entity from mixing the methods of analysis of expenses;</p>	A42. The Board will discuss these proposals at a future Board meeting.

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		<p>a) some of those who agreed said that the mixed presentation has emerged over time and the proposals are a good way to reset the boundaries of what is acceptable, and the proposals are not expected to have significant impact on entities, which are not mixing the two methods currently.</p> <p>b) some of those who disagreed said that in some instances, the mixed method provides the most useful information, and the proposals will not enhance comparability, especially with companies applying US GAAP.</p> <p>A40. Many respondents (mainly users, standard-setters and accountancy bodies) agreed and many (mainly preparers and their representative bodies) disagreed with the proposal to require an entity to disclose an analysis of expenses by nature in the notes if they present analysis of expenses by function;</p> <p>a) some of those who agreed said that the analysis; will provide comprehensive information and help users make forecasts, will help reconcile the statement of cash flows with the income statement, and will enhance comparability, because it is less judgmental than analysis by functions.</p> <p>b) some of those who disagreed with the proposals said that both methods are</p>	

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		<p>equally relevant, but the proposals seem to favour by-nature analysis, and the costs of providing the analysis by nature will be higher than the benefits, including some entities that may not be able to provide the analysis with their existing systems.</p> <p>A41. Feedback from fieldwork identified practical difficulties with the proposed requirements.</p>	
<p>December 2020 AP21G Disaggregation – unusual income and expenses</p>	<p>A43. The Exposure Draft proposed introducing a definition of ‘unusual income and expenses’; and proposed requiring all entities to disclose unusual income and expenses in a single note. The Exposure Draft also proposed application guidance to help an entity to identify its unusual income and expenses.</p> <p>A44. The proposed requirements are set out in paragraphs 100–102, B67–B75 of the Exposure Draft and paragraphs BC122–BC144 of the Basis for Conclusions describe the Board’s reasons for the proposals and discuss approaches that were considered but rejected by the Board.</p>	<p>A45. The key messages from the feedback on the proposals relating to unusual items are:</p> <ul style="list-style-type: none"> a) most respondents who commented on this question, including almost all users of financial statements, agreed with the Board defining unusual items. Users explained that they wish to identify recurring or normalised earnings but have to rely on voluntary disclosures by an entity to do so. Defining unusual items and requiring their disclosure would provide consistent input for users’ analysis. Other respondents also indicated they expected defining unusual items would provide useful information. A few respondents specifically supported the discipline that they expected a definition would provide, thus reducing opportunistic classification of items as unusual. b) however, most of these respondents, including some users, did not agree with 	<p>A46. The Board will discuss these proposals at a future Board meeting.</p>

Topic and ref	Summary of proposals	Summary of feedback	Tentative decisions
		<p>the Board’s definition of unusual items. They said important aspects of the definition were unclear and suggested various clarifications and changes. Those suggestions did not lead to a clear consensus on what an alternative definition should be;</p> <p>c) respondents were split evenly on whether or not they supported the proposed disclosure in a single note; some preferred presentation in the statement of profit or loss because it would provide a clear ‘normalised’ profit amount, but others thought that would add clutter to the statement and give too great an incentive for opportunistic labelling of items as unusual; some agreed with disclosure in a single note because it allows easy access to the information and helps in tracking what items are classified as unusual over time. Others said it would be more helpful to include the information in the notes for the specific items of income and expenses in question, for example the notes for IAS 37 provisions or IAS 36 impairments. They also said that the requirement for a single note could lead to duplication of information required by other IFRS Standards or regulations to be given elsewhere, for example in other notes or in the management commentary.</p>	

Topic and ref	Summary of proposals	Summary of feedback	Tentative decisions
<p>December 2020 AP21H Management performance measures</p> <p>March 2021 AP21B Scope of management performance measures – subtotals of income and expenses</p>	<p>A47. The Exposure Draft proposed that an entity disclose ‘management performance measures’ in a single note to the financial statements. The Exposure Draft defined management performance measures as subtotals of income and expenses that:</p> <ul style="list-style-type: none"> a) are used in public communications outside financial statements; b) complement totals or subtotals specified by IFRS Standards; and c) communicate to users of financial statements management’s view of an aspect of an entity’s financial performance. <p>A48. Totals or subtotals specified by IFRS Standards were specifically stated not to be management performance measures and include:</p> <ul style="list-style-type: none"> a) totals or subtotals required by the Exposure Draft; b) gross profit or loss (revenue less cost of sales) and similar subtotals; c) operating profit or loss before depreciation and amortisation; d) profit or loss from continuing operations; and e) profit or loss before income tax. <p>A49. When disclosing management performance measures the Exposure Draft proposed an entity would also be required to comply with the general requirements in IFRS Standards for information included in financial statements. For example, each management performance measure must faithfully represent an aspect of the financial performance of the entity and be described in a clear and understandable manner that does not mislead users.</p> <p>A50. However, the Exposure Draft did not propose additional restrictions on management performance measures, such as only</p>	<p>A55. Many respondents, including almost all users, agreed with the Board’s proposals to require the disclosure of management performance measures in the notes to the financial statements. These respondents said that including these measures in the financial statements would provide useful information and that the proposed disclosure requirements would bring needed discipline and transparency.</p> <p>A56. However, most respondents, including users, that agreed with requiring management performance measures in the financial statements, raised concerns about the definition of management performance measures. The two most significant concerns of respondents were:</p> <ul style="list-style-type: none"> a) requiring disclosure of all management performance measures used in ‘public communications’ is too wide in scope. Most respondents that raised this concern requested additional guidance or suggested a narrower definition of public communications. b) management performance measures do not include measures that would, in their view, equally benefit from being disclosed in the financial statements. Most respondents that raised this concern suggested revising the definition to include other measures such as those 	<p>A61. The Board confirmed the proposal to require an entity to include information about management performance measures in the financial statements.</p> <p>A62. The Board tentatively decided to explore possible approaches to expanding the scope of the requirements relating to management performance measures to include measures other than subtotals of income and expenses.</p> <p>A63. The Board will discuss other aspects of proposals at a future Board meeting.</p>

Topic and ref	Summary of proposals	Summary of feedback	Tentative decisions
	<p>allowing an entity’s management to provide measures based on amounts recognised and measured in accordance with IFRS Standards.</p> <p>A51. The Exposure Draft proposed that an entity would be required to disclose specific information about management performance measures, including:</p> <ul style="list-style-type: none"> a) a description of why the management performance measure communicates management’s view of performance; b) a reconciliation to the most directly comparable total or subtotal specified by IFRS Standards; c) the income tax effect and the effect on non-controlling interests for each item disclosed in the reconciliation; and d) how the entity determined the income tax effect for each item disclosed in the reconciliation. <p>A52. If an entity changed the calculation of its management performance measures, introduced a new management performance measure or removed a previously disclosed management performance measure the Exposure Draft proposed it would be required to:</p> <ul style="list-style-type: none"> a) disclose sufficient explanation for users to understand the change, addition or removal and its effects; b) disclose the reasons for the change, addition or removal; and c) restate its comparative information, including in the required note disclosures, to reflect the change, addition or removal. <p>A53. The Exposure Draft also proposed that an entity be prohibited from using columns to present management performance measures in the statement(s) of financial performance.</p> <p>A54. The proposed requirements are set out in paragraphs 103–110 of the Exposure Draft and paragraphs BC145–BC180 of the Basis for</p>	<p>based on items presented in the statement of financial position or the statement of cash flows. Many of these respondents said that in their opinion the benefits of the proposals would not be realised without including these additional measures.</p> <p>A57. Some respondents disagreed with including management performance measures in the financial statements stating the following reasons:</p> <ul style="list-style-type: none"> a) in their view non-GAAP measures are either outside the scope of financial statements or do not achieve the objective of financial statements in IAS 1 Presentation of Financial Statements or in the Exposure Draft; b) including management performance measures in the financial statements would increase the costs of preparing financial statements; or c) it may be challenging to audit such measures. <p>A58. A few respondents disagreed with including management performance measures in the financial statements because many of these measures are subjective.</p> <p>A59. Most respondents agreed with the majority of the Board’s proposed disclosure requirements. Many respondents, including all users, said the</p>	

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	<p>Conclusions describe the Board’s reasons for the proposals and discuss approaches that were considered but rejected by the Board.</p>	<p>requirement to reconcile management performance measures to the most directly comparable subtotal specified in IFRS Standards would increase the transparency and usefulness of information about these measures. Some respondents, particularly users, said the disclosure requirements that would apply when a management performance measure is changed or removed would be particularly useful.</p> <p>A60. However, there was mixed feedback on the Board’s proposal to require the disclosure of the tax and non-controlling interest effects of reconciling items between the management performance measure and the most directly comparable subtotals specified in IFRS Standards. While many users agreed with the disclosure requirements, some other respondents said that it would be costly to obtain the information, a more onerous disclosure requirement than the disclosures required for items in the statement of profit and loss, or contrary to management performance measures communicating a management view to require the information. It would be contrary to communicating a management view because information about tax and non-controlling interest effects is not always used by management.</p>	

Topic and ref	Summary of proposals	Summary of feedback	Tentative decisions
	<p>EBITDA</p> <p>A64. The Exposure Draft did not propose defining EBITDA. However, the Board proposed to exempt from the disclosure requirements for management performance measures a subtotal calculated as operating profit or loss before depreciation and amortisation. The Board considered, but rejected, describing the subtotal operating profit or loss before depreciation and amortisation as EBITDA.</p> <p>A65. Paragraphs BC172–BC173 of the Basis for Conclusions explain why the Board has not proposed requirements relating to EBITDA.</p>	<p>A66. Most respondents, including most users, agreed with the Board’s proposal not to define earnings before interest, tax, depreciation and amortisation (EBITDA). These respondents said they agreed that there was no consensus on what EBITDA represents, that its use varies widely and that it is not applicable to some industries.</p> <p>A67. Some respondents, including some users, disagreed saying the Board should define EBITDA because it is a widely used measure that would benefit from a consistent definition.</p>	<p>A68. The Board will discuss these proposals at a future Board meeting.</p>
<p>December 2020/January 2021 AP21I Statement of cash flows</p> <p>March 2021 AP21C Statement of cash flows</p>	<p>A69. The Exposure Draft proposed requiring an entity to use the operating profit or loss subtotal as the starting point for the indirect method of reporting cash flows from operating activities.</p> <p>A70. The Exposure Draft also proposed reducing the presentation alternatives currently permitted by IAS 7 and requiring that, in the statement of cash flows, an entity classifies interest and dividend cash flows as shown in the table.</p>	<p>A72. The key messages from the feedback on the proposals relating to the statement of cash flows are:</p> <ul style="list-style-type: none"> a) many respondents did not comment on the proposals; b) of those respondents that did comment, many agreed with the proposals saying that the proposals would result in a consistent presentation that would enhance comparability between entities; c) the main concern of those that did not agree was the lack of alignment between the statement of cash flows and the statement of profit or loss, which was also raised as a concern by some fieldwork participants; 	<p>A73. The Board tentatively decided to maintain the scope of its work relating to the statement of cash flows in this project.</p> <p>A74. The Board confirmed the proposal to require an entity to use the operating profit or loss subtotal as the starting point for the indirect method of reporting cash flows from operating activities.</p> <p>A75. The Board also confirmed proposals relating to the classification of interest paid</p>

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	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Cash flow item</th> <th style="text-align: left;">Most entities</th> <th style="text-align: left;">Specified entities⁹</th> </tr> </thead> <tbody> <tr> <td>Interest paid</td> <td>Financing</td> <td rowspan="3">Accounting policy choice, possible location depends on the classification of the related income and expenses in the statement of profit or loss</td> </tr> <tr> <td>Interest received</td> <td>Investing</td> </tr> <tr> <td>Dividends received</td> <td>Investing</td> </tr> <tr> <td>Dividends paid</td> <td colspan="2" style="text-align: center;">Financing</td> </tr> </tbody> </table>	Cash flow item	Most entities	Specified entities ⁹	Interest paid	Financing	Accounting policy choice, possible location depends on the classification of the related income and expenses in the statement of profit or loss	Interest received	Investing	Dividends received	Investing	Dividends paid	Financing				<p>d) some respondents requested a comprehensive review of IAS 7 <i>Statement of Cash Flows</i>.</p>	<p>and dividend cash flows for entities other than those for which investing and financing are main business activities. Accordingly, interest and dividends paid would be classified as financing activities, and dividends received would be classified as investing activities.</p> <p>A76. The Board will discuss the classification of interest received at a future Board meeting.</p>
Cash flow item	Most entities	Specified entities ⁹																
Interest paid	Financing	Accounting policy choice, possible location depends on the classification of the related income and expenses in the statement of profit or loss																
Interest received	Investing																	
Dividends received	Investing																	
Dividends paid	Financing																	
December 2020/January 2021 AP21J Other topics	<p>A77. Other comments on the proposals in the Exposure Draft, including the analysis of the effects (paragraphs BC232–BC312 of the Basis for Conclusions, including Appendix) and Illustrative Examples accompanying the Exposure Draft.</p>			<p>A78. Most of the comments not responding to specific question related to additional work respondents would like the Board to undertake, mostly as separate projects. Respondents also provided feedback on proposals relating to other comprehensive income and interim financial reporting and</p>	<p>A79. The Board will discuss these proposals at a future Board meeting.</p>													

⁹ An entity that provides financing to customers as a main business activity or in the course of its main business activities invests in assets that generate a return individually and largely independently of the entity’s other resources.

Topic and ref	Summary of proposals	Summary of feedback	Tentative decisions
		<p>comments on the proposed implementation period.</p>	