

**Report by the ASCG on the
88th meeting of the IFRS Technical Committee
on 5th August 2020**

The Technical Committee further discussed the draft comment letter on the proposals of the exposure draft **IASB ED/2019/7 General Presentation and Disclosures**. In this meeting the discussions focused on the responses drafted for the following topics:

- the proposed new defined subtotal 'Operating profit or loss',
- the investing category, and
- the financing category.

The IFRS Technical Committee confirmed its view that the presentation in the statement of cash flows should be aligned further with the statement of profit or loss, wherever is flows logically and provided that an alignment can be achieved without undue cost or effort. In this context, however, it should be emphasised that complete coherence cannot realistically be achieved and, thus, given the existing boundaries, should not be attempted. Further, the IFRS Technical Committee confirmed its criticism that that the newly defined subtotal '*profit or loss before financing and income tax*' must not be labelled 'EBIT' according to the IASB proposals. In light of the fact that EBIT is one of the most commonly used performance measures, the IASB should reconsider its tentative position on the description of the new defined subtotal. The IFRS Technical Committee also discussed whether a change to the proposed definition of '*financing activities*' should be suggested to the IASB, as the proposed definition is unclear. The IFRS Technical Committee will continue its discussion at a future meeting.

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