

EFRAG Letter to submit the targeted Outreach result

International Accounting Standards Board
7 Westferry Circus, Canary Wharf
London E14 4HD
United Kingdom

22 December 2022

Dear Mr Barckow,

Re: Targeted Outreach Activities on Primary Financial Statements

EFRAG has responded to the IASB's call and discussed with various stakeholders the issues addressed by the IASB in the Targeted Outreach for the Primary Financial Statement project. The outreach activities launched should help the IASB to assess whether the selected tentative decisions will function as intended and achieve the intended balance of costs and benefits. The outcome of these discussions is summarised in the attached report. In addition to the summary of the outreach results, this report contains some recommendations to finalise the redeliberation's and the due process on the Primary Financial Statements project.

The IASB sought feedback on the following topics:

- Subtotals in the statement of profit or loss;
- Management performance measures (MPMs);
- Disclosure of operating expenses by nature; and
- Unusual income and expenses.

In addition to those topics raised by the IASB, EFRAG sought feedback on the following topics:

- The classification of income and expenses from subsidiaries, associates and joint-ventures;
- The IASB's new approach on the classification of items in the financing category, including the new guidance on classification of hybrid contracts with host liabilities and embedded derivatives;
- The classification of derivatives and hedging instruments; and
- Changes to the scope and requirements on MPMs.

These topics were discussed at EFRAG and considered relevant to have feedback from European Stakeholders.

IASB PFS Project

If you would like to discuss our comments further, please do not hesitate to contact Filipe Camilo Alves, Kathrin Schöne or me.

Yours sincerely,

Wolf Klinz
Chair of the EFRAG FRB