

Date: 03 May 2025

To: The International Accounting Standards Board (IASB)

From: CA IP Prabhat Jain

Subject: Comments on Exposure Draft of IFRS 18, Presentation and Disclosure in Financial Statements

Respected Authority,

We appreciate the opportunity to provide comments on the Exposure Draft (ED) of IFRS 18, 'Presentation and Disclosure in Financial Statements'. We acknowledge the IASB's efforts to enhance the quality and comparability of financial reporting. However, we have certain concerns and suggestions regarding the proposed standard, which we believe warrant your consideration.

1. Classification of Expenses

Current Proposal:The ED proposes allowing entities to classify operating expenses by nature, function, or a mix of both.

Our Comment:While this approach offers flexibility, it may diminish comparability across entities. Some of our constituents believe that the existing requirement to present expenses by nature ensures better comparability over time and across entities and is simpler to implement.

Recommendation:We suggest retaining the option to present expenses by nature. If the IASB retains the mixed presentation option, detailed guidance and illustrative examples should be provided to ensure consistent application. (Need Sector-Specific Guidance)

Financial Reporting to be more transparent. Profit or loss statement by Nature will provide more inputs.

Allow entities to continue using either nature or function-based classification by focusing the industry.

2. Management-Defined Performance Measures (MPMs)

Current Proposal:The ED introduces requirements for the disclosure of MPMs.

Our Comment:We support the intent to enhance transparency around MPMs. However, there are concerns about the definition and scope of MPMs.

Recommendation:

- Provide a clearer definition of MPMs to ensure consistent identification and reporting.
- Consider allowing materiality-based exemptions for MPM disclosures.
- Consider allowing MPM disclosures in the relevant sections of the financial statements for better readability.

Reduce the volume of required disclosures related to MPMs by allowing materiality-based exemptions. Allow their inclusion in relevant sections of financial statements.

3. Subtotals

Current Proposal:The ED introduces new defined subtotals.

Our Comment:While the new subtotals could enhance comparability, some stakeholders believe that the subtotal 'profit or loss before financing and income taxes' should be optional, especially for financial institutions where financing and investment activities are closely linked.

Recommendation:

- Make the presentation of 'profit or loss before financing and income taxes' optional.
- Allow industry-specific modifications, particularly for financial institutions.

4. Implementation and Transition

Our Comment:The proposed changes represent a significant shift in financial reporting.

Recommendation:

- Extend the transition period to allow entities sufficient time to adapt to the new requirements.

5. Other Concerns

The proposal may increase the complexity of financial reporting, particularly for smaller entities. We suggest that the IASB consider the need for simplification for these entities.

We would be pleased to discuss these matters further with the IASB.

Sincerely,
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