

Component Evaluation: Exposure Draft Phase 2 of 4 – Elements and Recognition in Financial Statements: Specific Matters for Comment

Specific Matter for Comment 1

Do you agree with the definition of an asset? If not, how would you modify it?

Yes, we agree with the definition of an asset in paragraph 2.1.

Specific Matter for Comment 2

(a) Do you agree with the definition of a liability? If not, how would you modify it?

Yes, we agree with the definition of a liability given in paragraph 3.1.

(b) Do you agree with the description of non-legal binding obligations? If not, how would you modify it?

Yes, we agree with the description of a non-legal binding obligation in paragraph 3.10

Specific Matter for Comment 3

Do you agree with the definition of revenue? If not, how would you modify it?

Yes, we agree with the definition of revenue.

Specific Matter for Comment 4

Do you agree with the definition of expenses? If not, how would you modify it?

Yes, we agree with the definition of expenses.

Specific Matter for Comment 5

(a) Do you agree with the decision to define deferred inflows and deferred outflows as elements? If not, why not?

We do not agree with the decision to define deferred inflows and deferred outflows as elements. Deferred inflows and deferred outflows fit with in the existing definitions and treatment of assets and liabilities other than that they refer specifically to non-exchange transactions.

Unless there was a very clear advantage to having these elements separately defined we feel that it will only serve to confuse readers of the financial statements.

(b) If you agree with the decision to define deferred inflows and deferred outflows as elements, do you agree with the:

(i) Decision to restrict those definitions to non-exchange transactions? If not, why not?

Yes, if deferred inflows and deferred outflows are to be included they should be restricted to non-exchange transactions.

(ii) Definitions of deferred inflows and deferred outflows? If not, how would you modify them?

If the decision is made to retain the deferred inflows and deferred outflows elements we have no issue with the definitions given.

Specific Matter for Comment 6

(a) Do you agree with the terms net assets and net financial position and the definitions?

Yes, if deferred inflows and deferred outflows remain as elements there will need to be a new defined term to explain whether the resulting net position includes them or not. The term 'Net Assets' clarifies that the term is focussing on assets and liabilities.

If not, how would you modify the terms and/or definitions?

(b) Do you agree with the decision to define ownership contributions and ownership distributions as elements? If not, why not?

Yes we agree with the decision to define ownership contributions and ownership distributions.

(c) If you agree with the decision to define ownership contributions and ownership distributions as elements, do you agree with the definitions of ownership contributions and ownership distributions? If not, how would you modify them?

Yes we agree with the definitions of ownership contributions and ownership distributions.

(d) Ownership interests have not been defined in this Conceptual Framework. Do you think they should be?

No, ownership interests do not need to be specifically defined as the ownership interest is simply the net financial position.

Specific Matter for Comment 7

Do you agree with the discussion on recognition? If not, how would you modify it?

We agree with the discussion on recognition and the decision to not include recognition criteria in the definitions of the elements.