

EFRAG  
35 Square de Meeus  
1000 Brussels  
Belgium

By e-mail: [Commentletters@efrag.org](mailto:Commentletters@efrag.org);  
cc: [Rasmus.Sommer@efrag.org](mailto:Rasmus.Sommer@efrag.org)

18<sup>th</sup> November 2015

Dear Roger,

**EFRAG Document for Public Consultation regarding IASB Exposure Draft  
"Conceptual Framework for Financial Reporting" ED/2015/3**

The Danish Accounting Standards Committee (DASC) set up by "FSR - danske revisorer" is pleased to submit the following comments:

We have commented on the EFRAG Document for Public Consultation and we therefore comment on the EFRAG draft views. In addition, we might write directly to IASB on key matters, but it will depend on the contents of the final Comment Letter.

Our main comments to the EFRAG Document for Public Consultation (DfPC) are in short the following:

1. DASC is strongly opposed to including management of the preparing entity as users of external financial reports. The matter is not mentioned directly in the DfPC, but it is mentioned in the very recently issued draft comment letter. We do not otherwise comment on the DCL.
2. DASC does not support to include in the CFW to have asymmetric prudence in relation to recognition or measurement. We believe it should not be mentioned as a possibility in the CFW, but the IASB might at the standards level decide to allow asymmetric prudence.
3. We support EFRAG in requesting the entity approach to be further developed in the conceptual framework (CFW), but we disagree with EFRAG that there might be situations where the proprietary approach might be useful.
4. DASC is of the view that the new and changed definition of liabilities might have significant effects, and we believe IASB should fully explore and understand the implications prior to issuing the final CFW. In addi-

**FSR – danske revisorer**  
Kronprinsessegade 8  
DK - 1306 København K

Telefon +45 3393 9191  
[fsr@fsr.dk](mailto:fsr@fsr.dk)  
[www.fsr.dk](http://www.fsr.dk)

CVR. 55 09 72 16  
Danske Bank  
Reg. nr. 4183  
Konto nr. 2500102295

tion, we are not convinced the concept of economic compulsion has been fully explored.

Side 2

5. DASC does not support EFRAG in relation to the treatment of executory contracts. We agree with IASB that executory contracts are assets or liabilities, and when we combine this with us not supporting asymmetric prudence, we will support that executory contract should be recognised if they can be measured reliably (not material measurement uncertainty).
6. DASC is still not convinced it is positive not to have a general recognition criteria. We would support to have recognition criteria based on uncertainty, so if it is unclear whether there is an asset or liability or the measurement uncertainty is so high that the resulting information has little relevance and cannot faithfully represent the underlying element, then it should not be recognised. In addition, we support EFRAG to ask for clarification when the uncertainty leads to non-recognition.
7. We do not agree with EFRAG in relation to DfPC para 106 where it seems EFRAG is setting accounting mismatches to be at a higher conceptual level and therefore to override the criteria on definitions, recognition and measurement in the ED on the CFW.
8. We believe EFRAG should challenge the superiority of fair value as a measurement basis because such a challenge should be carried out at the CFW level and not on the standards level, and it has never been discussed properly in Europe. We will support EFRAG in leading such a debate. In this respect, we find some of the words in the ED about fair value having predictive and confirmatory value as boilerplate and assertions without substance.
9. We disagree with EFRAG when EFRAG supports to have different measurement bases in profit and loss (PL) and the statement of financial position (SFP/BS). We firmly believe that IASB should find the most appropriate measurement basis for both the PL and the SFP/BS and use the same basis in the PL and SFP/BS. We do not support to use OCI as a dump. We believe if cost is the best measurement basis for PL, it might as well be for SFP/BS and the same goes for the use of fair value.
10. Having said the above in point 9, we will be supportive of having a conceptual debate on the use of business model as the basis for measure-

ment, but it should be on the basis that the same measurement basis should be used in PL and SFP/BS.

Side 3

11. We do not support to have an OCI statement as we prefer to have only one performance statement namely the PL, but should IASB continue to want to have OCI, we believe the purpose and the proposed contents of an OCI statement should be properly defined. We therefore disagree with EFRAG in the way that we believe PL should be as inclusive as possible.
12. Should IASB continue to have an OCI statement, we also believe that all items going into OCI should be recycled and there should be no exceptions possible. However, we do not support recycling because we believe it will not give relevant information for the reasons mentioned above.
13. We are not convinced about the status of the CFW as we would prefer to have the CFW to have a higher status so that all standards being issued in the future must comply with the at all times existing CFW. If they do not, then the standards should not be issued.
14. We do not support EFRAG in it that the business model shall drive all accounting matters, however we will be willing to support a conceptual debate on how it might be involved in accounting, and we believe EFRAG would be an appropriate body to lead such a debate.

-----

We would be happy to elaborate further on our comments if requested. Please feel free to contact Stig Enevoldsen.

Kind regards

Jan Peter Larsen  
Chairman of the Danish  
Accounting Standards Committee

Stig Enevoldsen  
Member of the Danish  
Accounting Standards Committee

## Response to specific questions

### Question 1 – Proposed changes to Chapters 1 and 2

#### *Do you support the proposals:*

- (a) *to give more prominence, within the objective of financial reporting, to the importance of providing information needed to assess management's stewardship of the entity's resources;*
- (b) *to reintroduce an explicit reference to the notion of prudence (described as caution when making judgements under conditions of uncertainty) and to state that prudence is important in achieving neutrality;*
- (c) *to state explicitly that a faithful representation represents the substance of an economic phenomenon instead of merely representing its legal form;*
- (d) *to clarify that measurement uncertainty is one factor that can make financial information less relevant, and that there is a trade-off between the level of measurement uncertainty and other factors that make information relevant; and*
- (e) *to continue to identify relevance and faithful representation as the two fundamental qualitative characteristics of useful financial information?*

#### *Why or why not?*

### Question 1 (a) - Stewardship

#### **DASC's response**

The Danish Accounting Standards Committee like EFRAG welcomes the greater prominence given to the assessment of management's stewardship.

DASC like EFRAG remains concerned, however, that the objective of assessing management's stewardship remains subsumed in a general objective of providing useful information to support decisions involving buying, selling or holding equity and debt instruments, and providing or settling loans and other forms of credit.

We agree with the detailed arguments given, but we would propose to strengthen para 11 by also referring to the shareholders as a group to have the objective to potentially change the management.

**EFRAG Question to constituents:**

Side 5

***Throughout the ED, 'users' refers to those existing and potential investors, lenders and other creditors who must rely on general purpose financial reports for much of the financial information they need.***

***Do you agree with focusing on this group of users? If not please indicate how it should be either narrowed down or widened, and why.***

DASC believes the focus should be somewhat wider namely to also include other stakeholders such as customers, employees and other groups with an interest in the entity. The public has also an interest in how companies operate and perform. It is not all about only focus on financial information because behaviour in other matters such as environmental issues, other sustainability matters, treatment of employees or the behaviour of suppliers' employees may affect the future cash flows of entities. The Conceptual Framework (CFW) should open up for such information to be included in order to provide the relevant information. It may be that the narrow financial statements should not in themselves include such information, but we believe the annual report including the management report and management commentary should include such information if relevant. If the CFW continues to focus only on narrow financial information, it might mean that financial information under IFRS might become less relevant for the capital markets in the future.

We would like to stress that DASC is strongly opposed to including the preparer company's management as a user group. Management has access to all the information from the company and they can get additional information compared to the external readers of the FS. Therefore, they are not users of FS at the same footing as the external users, because they do not only rely on the FS, and therefore we agree with the IASB definition at this point.

**Question 1 (b) - Prudence**

**DASC's response**

We also welcome that the ED reintroduces prudence, but we are not convinced that the CFW should explicitly encourage in the CFW to have asymmetric accounting policies. Having such a statement in the CFW would give possibility to allow asymmetric recognition and measurement, and we do not support such a return to old-fashioned prudence. We believe prudence is well described in the ED and do not support the text in the EFRAG DfPC. If the IASB introduces asymmetric recognition in a specific standard, it should be properly explained and justified in the basis for conclusion

**Question 1 (c) – Substance over form**

Side 6

**DASC's response**

DASC welcomes like EFRAG the IASB's decision to reintroduce 'substance over form' but considers that the IASB should revisit the drafting and explain the distinction between 'legal substance' and 'legal form'.

**Question 1 (d) – Measurement uncertainty**

**DASC's response**

DASC like EFRAG disagrees that measurement uncertainty should be an element of 'relevance'. In EFRAG's view, the Conceptual Framework should provide the opportunity of gaining a better understanding of what the boundary of a reliable measurement should be. Acknowledgment of the trade-off between relevance and reliability should remain. Further, it should be clear that uncertainty plays a role in both recognition and measurement.

We agree with most of the arguments put forward by EFRAG, however we do not agree, that the phrase "reliability" should be re-instated and replace "faithful representation". The reason is that we actually believe "faithful representation" better describes what should be achieved in reporting. We believe faithful representation is easier to understand than reliability and therefore we agree with IASB on this particular point. We also find it troublesome just to want to maintain previously used words.

However, we agree that reliability and measurement uncertainty are issues and they should have a say in relation to recognition and measurement. The ED has proposed to re-introduce that uncertainty can be so big that the item should not be recognised, and we would rather pursue this specific point than complain about a name.

**Question 1 (e) – Relevance and faithful representation**

**DASC's response**

We agree with EFRAG except for the request for change of name from faithful representation to reliability.

**Question to constituents**

EFRAG's preliminary answer to Question 1(d) includes arguments for using the term 'reliability' instead of 'faithful representation'. EFRAG would, however, wish to assess whether constituents have become used to the term 'faithful representation' introduced in 2010, have a good understanding of it, and therefore would prefer not to revert to 'reliability'. What is your assessment of this?

**DASC's response**

Please refer to the above text where we argue that the phrase "faithful representation" better reflects the objective, and we believe constituents have become used to the new phrase. We do not believe it is worthwhile fighting for a mere change of name when there are so many other more important issues to debate.

CHAPTER 3 FINANCIAL STATEMENTS AND REPORTING ENTITIES

The reporting entity

**Question 2 – Description and boundary of a reporting entity**

**Do you agree with:**

- (a) the proposed description of a reporting entity in paragraphs 3.11–3.12 of the ED (replicated in paragraph; and**
- (b) the discussion of the boundary of a reporting entity in paragraphs 3.13–3.25 of the ED (summarised in paragraph?**

**Why or why not?**

**DASC's response**

DASC as EFRAG generally agrees that a reporting entity is not necessarily a legal entity and that an entity can prepare both individual and consolidated financial statements. However, DASC as EFRAG disagrees with including a statement in the Conceptual Framework that consolidated financial statements are more likely to provide useful information to users of financial statements than unconsolidated financial statements without acknowledging the circumstances where this may not be the case. Finally, DASC as EFRAG considers that it would be beneficial to have further explained in the Conceptual Framework what the implications of the entity approach are.

EFRAG states that it could have been useful to explain in the CFW why control – exclusive control – is the underlying principle to the definition of the reporting entity.

Side 8

**EFRAG QUESTION:**

***Do you agree that there is no urgent need to justify the choice of control as the basis for consolidation from a conceptual perspective? If no, please explain what EFRAG should recommend to the IASB.***

DASC believes it would be relevant and appropriate to justify in the CFW the choice of control as the basis for consolidation. It is used in IFRS 10, and when IFRS 10 was issued, many wanted it to be justified in the CFW and we believe it would be appropriate to have in the CFW the relevant basis for using the concept of control.

We agree with EFRAG that the entity approach should be further explained, and it should be explained what the implications are.

We disagree with EFRAG that there are some types of information where a proprietary approach might be useful. We believe the consolidated FS should present the situation from the perspective of the entity and not from one of the owner's perspective. It might also make it more conceptually sound to move forward in relation to the equity liability split, and we have some sympathy for listing the liability and equity instruments giving appropriate disclosure about the rights and obligations of the individual instruments.

The above is in continuation of our comment to EFRAG re the IASB DP on the CFW:

*Generally, DASC supports the entity approach and we have some sympathy for listing in the balance sheet the liability and equity instruments giving appropriate disclosure about the rights and obligations of the individual instruments.*

We agree with the other (minor) points raised by EFRAG in relation to chapter 3.



CHAPTER 4 THE ELEMENTS OF FINANCIAL STATEMENTS

**Definitions of elements**

**Question 3 – Definitions of elements**

***Do you agree with the proposed definitions of elements (excluding issues relating to the distinction between liabilities and equity):***

- (a) an asset, and the related definition of an economic resource;***
- (b) a liability;***
- (c) equity;***
- (d) income; and***
- (e) expenses?***

***Why or why not? If you disagree with the proposed definitions, what alternative definitions do you suggest and why?***

**DASC's response**

We generally accept the proposed definitions, but we are not convinced by some of the paragraphs supporting the definitions.

Unlike EFRAG we are not really concerned about the removal of the description of revenue as we find it okay to have only income mentioned, and then have revenue defined at the standards level. We believe the ED in a satisfactory way states that the statements of financial performance (PL/OCI) and the financial position (SFP/BS) are equally important.

We have concerns with the EFRAG comment in para 68 of the "document for public consultation" (DfPC) where EFRAG supports income and expenses being based on the changes in assets and liabilities. We generally support income and expenses being based on changes in assets and liabilities.

We also disagree with the proposal in the DP para 4.25 – like EFRAG - that if one party has a liability, another party or parties have an asset, and for the same reasons as EFRAG, even though IASB states that the assets may not be required to be recognised. Following from this we are concerned about the DP para 4.8 (b) about assets being rights stemming from constructive obligations.

In addition, we agree in principle that the rights to other parties stand ready obligations are assets, however we are more than concerned about the recognition. The concern becomes an issue when there is no recognition criteria and if there is an asset, then it should be recognised and measured, even though it might be very uncertain what the measurement would be.

Side 10

We are not convinced that the last sentence in DP para 4.16 should be included in the CFW, because it states firmly what the outcome of the standard setting on the subject of government grants and maybe also other standards should be. We believe the standard setting should be based on the principles in the CFW and on the standards level subject to considerations on that specific subject and not being almost made based on the high level considerations in the CFW.

**Question 4 – Present obligation**

***Do you agree with the proposed description of a present obligation and the proposed guidance to support that description? Why or why not?***

DASC has sympathy for the new definition of liability and the description of present obligation. However, we are also convinced it will have significant effects as also indicated in Basis for Conclusion without being specific. We trust the IASB should fully understand the implications and actually expose for public comment those specific major consequences before finalizing the CFW. We are also concerned about the relationship to economic compulsion which we are not convinced have been fully thought through in the proposals, and at least not if one only relies on the BC text.

**Question 5 – Other guidance on the elements**

***Do you have any comments on the proposed guidance?***

***Do you believe that additional guidance is needed? If so, please specify what that guidance should include.***

DASC agrees with IASB and not EFRAG in relation to the executory contracts. We believe it is to be an expected consequence that an executory contract is an asset or a liability and it seems odd if it should only be recognised if it is an onerous contract. As mentioned above we are in principle not in favour of the use of asymmetric prudence and especially not to be mentioned in the CFW. When a derivative is to be recognised, then it seems a natural consequence to also recognise an executory contract regardless whether it is positive or negative (even though this question is not about recognition but about definition of the elements).

In addition to the above, DASC disagrees with EFRAG on the text in the DCL para 92. We are not convinced that measurement needs to be the same on initial and subsequent measurement and we are not convinced that recognition and measurement of executory contracts in the CFW should be dependent on whether the executory contract is part of the entity's core business or not.

Side 11

## CHAPTER 5 RECOGNITION AND DERECOGNITION

### Recognition

#### **Question 6 – Recognition criteria**

***Do you agree with the proposed approach to recognition? Why or why not? If you do not agree, what changes do you suggest and why?***

DASC is still not convinced that we support the deletion of the recognition criteria. Instead, the ED includes some talk about measurement uncertainty as part of relevance. The discussion about measurement uncertainties confirms the problem to delete the recognition criteria. We believe there should be some more firm criteria in relation to the uncertainties mentioned in the ED para 5.9, namely:

- It is unclear whether the asset or liability exists (existence uncertainty) or is separable from goodwill;
- There is a low probability of an inflow or outflow of economic benefits; or
- The level of measurement uncertainty is so high that the resulting information has little relevance and no other relevant measure is available or can be obtained.

We believe these uncertainties can be so serious that recognition of an item would be neither relevant nor faithfully represented. We therefore would urge the IASB to give more clear guidance in the CFW when finally issued. Therefore, DASC agrees with EFRAG that there should be more substantive guidance on the matter. It may be added that there is little support in DASC for the purpose to recognise an item with very low probability for either inflow or outflow, and there is little support for recognising an item where the measurement uncertainty is so high that the only certainty is that the amount will be wrong in most instances.

We are not convinced about the EFRAG argument in the DCL para 106 re accounting mismatches. It seems to be a problem with mismatches, but it seems EFRAG puts accounting mismatches at a higher level than the other criteria in the ED of the CFW. We do not support accounting mismatches to set aside the definitions of elements, recognition and measurement in order to avoid an accounting

mismatch, and therefore we disagree with EFRAG. We believe EFRAG should better justify the conceptual reasoning underlying its comments on the matter.

Side 12

## **Derecognition**

### ***Question 7 – Derecognition***

***Do you agree with the proposed discussion of derecognition? Why or why not? If you do not agree, what changes do you suggest and why?***

#### **DASC's response**

We broadly agree with the proposal and EFRAG's comments.

## CHAPTER 6 MEASUREMENT

### **Measurement bases**

#### ***Question 8 – Measurement bases***

***Has the IASB:***

- 1) Correctly identified the measurement bases that should be described in the Conceptual Framework? If not, which measurement bases would you include and why?***
- 2) Properly described the information provided by each of the measurement bases, and their advantages and disadvantages? If not, how would you describe the information provided by each measurement basis, and its advantages and disadvantages?***

#### **DASC's response**

We broadly agree with the categorisation proposed in the ED. We welcome the inclusion of description of the measurement bases, and it is helpful to get it included in the CFW.

We are broadly happy with the comments EFRAG has drafted on this matter. We also welcome a description of the information provided by each of the included measurement bases. However, we are not supporting all of the description in the ED.

It seems to us the ED prefers current values and particularly fair values (FV) and it is justified in para 6.23 and 6.28. It is stated FV estimates the future cash flows despite the inclusion of uncertainty and risk premiums etc., and it has predictive value because it is supposed to have expectations about the amount, tim-

ing and uncertainty of the cash flows, and it reconciles with the objective of financial reporting. We are not convinced by this assertion and that FV has predictive value. We are equally not convinced that FV has confirmatory value. FV is measured as a hypothetical market participant might measure the item. Market participants and the markets move up and down depending on a lot of things that might not at all influence the future cash flows of the entity, so to us some of the wording is far too boilerplate.

Side 13

We are also questioning the underlying assumption that all users behave as the economic man.

We believe EFRAG should challenge the superiority of the use of FV because such a challenge should be carried out at the CFW level and not on the standards level. There has never been a proper debate in Europe on the use of FV versus cost or other measurement bases, and we would support EFRAG to lead such a debate.

We still have the view that IASB should not limit itself to use - in new or revised standards - only the measurement bases mentioned in the ED. The IASB should always seek the most appropriate measurement basis.

We find it difficult to understand the objectives of inserting in the EFRAG consultation document the paragraphs 125 to 131 and we are not clear what the outcome leads to.

We agree with para 132, namely that it should be explained when own credit changes are relevant, and we believe it should be inserted in the box above para 125 in the EFRAG letter.

We are not convinced about including a risk premium in say a provision measured at fulfilment value because it requires to take a cost upfront and credit it to income when fulfilling the obligation. We find it in contradiction to using NRV to inventories. The basis for NRV in IAS 2 is not to take a loss and then later reverse the loss as income as it would be overly use of prudence. We believe the proposed use of risk premium might have the same effect. The use of risk premium might have some sense in big and long-term insurance portfolios, but not really on less long-term portfolios.

**Question 9 – Factors to consider when selecting a measurement basis**

***Has the IASB correctly identified the factors to consider when selecting a measurement basis? If not, what factors would you consider and why?***

We agree with EFRAG that the Conceptual Framework should include guidance on:

- (a) How to select measurement bases that are useful for reporting both the financial position and the performance of the entity;
- (b) When to select between market-consistent and entity-specific measurement bases; and
- (c) When customisation of measurement bases could be useful.

We support EFRAG in the view that the mere mention in the ED of factors to be taken into account when selecting a measurement basis without much other sense of direction is insufficient.

However, we do not agree with EFRAG in relation to comments on the different measurements between the performance statements PS and the Statement of financial position SFP/BS. We firmly believe that IASB on a standards level should find the most appropriate measurement basis and use the same basis both in the PS and the SFP/BS. We do not support to use OCI as a dump for different measurement bases on items where the IASB has not selected the appropriate measurement basis for both PS and SFP/BS.

We believe that if it is appropriate to select a historical cost basis in the PL, it might as well be appropriate to use cost in the SFP/BS and likewise for the use of FV. At least an appropriate discussion on the matter ought to be taken also in the EU. Following from that we will support a proper and conceptually sound discussion of the use of business model in reporting. We believe it should be based on using the same measurement basis both in PL and FSP/BS and not only to consider the impact on PL. EFRAG might be a good player to initiate and lead such a discussion.

**EFRAG Question to constituents**

***The ED includes different factors to consider when selecting a measurement basis. For example, the ED mentions in paragraph 6.54 that to produce relevant information it is important to consider both how an asset or liability contributes to future cash flows and the characteristics of the asset or the liability. Sometimes these factors could conflict and different conclusions could thus be reached by giving priority to some factors rather than to others. In the paper Profit or loss versus OCI prepared for the July 2015 ASAF meeting, EFRAG examines an approach where the business model will be used when selecting a measurement basis and thus when selecting among different factors.***

***What aspects do you think should help the IASB select a measurement basis when the factors listed in the ED would conflict? Do you think that some factors are more important than others?***

Please see our response to the previous question (Q9) just above where we do not in general agree to have different measurement bases in PL and SFP/BS. We also stated that we would support to have a conceptual debate on the use of business model.

**Question 10 – More than one relevant measurement basis**

***Do you agree with the approach discussed in paragraphs 6.74–6.77 and BC6.68? Why or why not?***

Please see our response to Q9 which states that we do not in general agree to have different measurement bases. We therefore disagree with the EFRAG response, but we are willing to support a debate on use of business model and we would like it to include both PL and FSP/BS because we believe in using the same measurement basis in both.

**Question 11 – Objective and scope of financial statements and communication**

***Do you have any comments on the discussion of the objective and scope of financial statements, and on the use of presentation and disclosure as communication tools?***

We support EFRAG where EFRAG agrees with the proposals included in the ED on the objective and scope of financial statements and communication, which are consistent with its past proposals on the 'Disclosure Framework'. In addition, IASB should consider how to distinguish between presentation and disclosure.

We will also raise a concern in relation to the cash flow statement. We believe cash flows are important and shall be considered as part of performance and it has in our view confirmatory value and predictive value. Therefore, we are surprised how little recognition there is in the ED of the CFW of the importance of cash flows and the cash flow statement.

Side 16

**Question 12 – Description of the statement of profit or loss**

***Do you support the proposed description of the statement of profit or loss? Why or why not?***

***If you think that the Conceptual Framework should provide a definition of profit or loss, please explain why it is necessary and provide your suggestion for that definition.***

We agree with the points brought forward by EFRAG except for the EFRAG repeated message about using the business model as basis and having different measurement in PL and SFP/BS.

***EFRAG question re the minority view by the two IASB members Stephen Cooper and Patrick Finnegan***

We agree with the minority view in relation to the request for definition of performance and definition of OCI. We believe it would be important to get components of OCI defined if it is to be used. In general, we would prefer not to have OCI, but rather disaggregate amounts in the PL and give supplemental information in the notes instead of having two statements. It would also remove our major concern of when to define recycling in practice. The IASB has proposed some description and rules for the use of OCI and recycling, but we still miss the underlying concepts for this. For instance, it is difficult to see when recycling would ever give good information for users. If FV is appropriate to measure an item in SFP/BS, why would one then have to recycle a difference between cost and FV into the PL? We also have difficulties not to have a big part of pension re-measurements in PL at all. It seems like the cost the entity has to pay for pension cost is not really a performance responsibility of management. We disagree as we think it is a management responsibility and management is also accountable for the increase (or decrease) in the liability, and therefore it should go through PL (at least at some point in time). We accept it is not a CFW issue, but it is as long as the CFW might allow such practice to continue in the long term.



**Question 13 – Reporting items of income or expenses in other comprehensive income**

***Do you agree with the proposals on the use of other comprehensive income? Do you think that they provide useful guidance to the IASB for future decisions about the use of other comprehensive income? Why or why not***

***If you disagree, what alternative do you suggest and why?***

DASC does not agree with EFRAG, as we believe the PL should be as inclusive as possible.

We support to have only one performance statement, and therefore we will most certainly also support PL to be as inclusive as possible.

Should the IASB continue to propose to have an OCI statement, we believe the purpose and the proposed contents should be properly defined.

We are not convinced PL should be used as proposed by EFRAG TEG for discussion in ASAF, but we will support a conceptual debate on the matter.

**Question about the dissenting view from Stephen Cooper and Patrick Finnegan**

We agree with the dissenting view. As mentioned above we are concerned about the lack of definition of OCI and we are concerned about the usefulness of recycling. We do not see recycling as useful. However, we agree that if an OCI statement is used, then all items put through OCI should be recycled because DASC does not support to have items that will never be recycled such as pensions. (However, as mentioned above, we do not really support to have an OCI statement as we prefer to have one all-inclusive PL).

**Question 14 – Recycling**

***Do you agree that the Conceptual Framework should include the rebuttable presumption described above? Why or why not?***

***If you disagree, what do you propose instead and why?***

DASC agrees with EFRAG because we – as mentioned above – do believe that all items in OCI should be recycled as a matter of principle, and the use of OCI should be based on principles. We do not necessarily agree with EFRAG's basis for conclusion where EFRAG (again) refers to the paper issued by TEG for use in ASAF about the use of business model as a basis.

**Question to constituents (on the chapter of Capital Maintenance)**

***The IASB has carried forward the material in the chapter on capital maintenance unchanged from the existing Conceptual Framework, except for a limited number of editorial changes. The Discussion Paper A Review of the Conceptual Framework for Financial Reporting preceding the ED noted that the IASB does not plan to consider the chapter on capital maintenance until such time as a new or revised Standard on accounting for high inflation indicates a need for change.***

***EFRAG notes that an argument for removing the chapter until the issue can be further considered could be that the chapter is not well linked with other parts of the proposed new Conceptual Framework (e.g. it is not linked with the objective of general purpose financial reporting including the role of stewardship).***

***Do you think the existing chapter on capital maintenance should be kept in the Conceptual Framework?***

DASC agrees with EFRAG that it might be beneficial to remove the chapter until the issue has been further considered.

**Question 15 - Effects of the proposed changes to the Conceptual Framework**

***Do you agree with the analysis in paragraphs BCE.1–BCE.31 of the ED? Should the IASB consider any other effects of the proposals in the Exposure Draft?***

We question whether there would not be implications from the ED in IFRIC 12 and IAS 37 plus IAS 32 (puttable options) and there might be others.

**Question to constituents**

***Do you agree with the status of the Conceptual Framework and that the review should not automatically result in any changes to Standards?***

DASC agrees in principle. However, we would have preferred the status of the CFW to be stronger in the way that we believe future standards should be in conformity with the CFW, and if proposed new standards or amendments are not, then the new or amended standard should not be issued.

We will not go as far as to request all existing conflicts to be resolved immediately.

**Question 16 – Business activities**

***Do you agree with the proposed approach to business activities? Why or why not?***

We do not agree with EFRAG that the business model should lead all reporting issues. However, we are open to support a conceptual debate on the issue. We believe the role of business model is very much linked to the proper choice of (relevant) measurement basis both in the SFP/BS and in the PL in order to faithfully represent activities and position.

We are not necessarily convinced that the CFW should retain the business model as used in IFRS 9. There might be a role for higher conceptual thinking than was used in IFRS 9.

**Question 17 – Long-term investment**

***Do you agree with the IASB's conclusions on long-term investment? Why or why not?***

Yes, DASC agrees with the IASB on the matter of long-term investment and for the reason explained in the ED. We will reconsider the matter provided a proper conceptual debate on the role of business model might cover the issue.

**Question to constituents**

**Do you agree that:**

- ***The ED provides sufficient guidance on how to reflect long-term investment business models;***

***The ED contains sufficient and appropriate discussion of primary users and their information needs, and the objective of general purpose financial reporting, to address appropriately the needs of long-term investors?***

DASC believes there is sufficient guidance and discussion in the ED.