

INTERNATIONAL FINANCIAL REPORTING BULLETIN 2010/16

PRESENTATION OF ITEMS OF OTHER COMPREHENSIVE INCOME, PROPOSED AMENDMENTS TO IAS 1



Background

In October 2008 the International Accounting Standards Board (IASB) published a discussion paper *Preliminary Views on Financial Statement Presentation*. After consideration of the comments received on this discussion paper the IASB published an Exposure Draft *Presentation of Items of Other Comprehensive Income, Proposed amendments to IAS 1* (the ED) with the objective of making targeted improvements to the presentation of items in other comprehensive income (OCI) by the end of 2010.

Although the IASB and the US Financial Accounting Standards Board (FASB) are working jointly on proposed amendments to the presentation of profit or loss and items of OCI, the two boards will publish their proposals separately.

Though the ED proposes to change the title of the statement of comprehensive income to the 'statement of profit or loss and other comprehensive income' when it is referred to in other IFRSs and publications, the flexibility currently in IAS 1 to use other titles will remain.

The IASB will consider the comments it receives on the proposals in the ED and decide whether or how to proceed with an amendment to IAS 1.

Proposals

The ED is proposing to eliminate the option in IAS 1 which allows an entity to present either a statement of comprehensive income or two separate statements of profit or loss and other comprehensive income. Instead, the proposals would require a single statement of profit or loss and other comprehensive income containing two distinct sections – profit or loss and items of other comprehensive income.

The ED is also proposing a new approach to the presentation of items in OCI as a result of recent decisions in other projects, such as IFRS 9 and proposed amendments to IAS 19 which made changes to some amounts presented in OCI. The proposal is for items that will never be recognised in profit or loss to be presented separately from those items that are subject to reclassification (recycling).

The proposals in the ED do not eliminate profit or loss as a measure of performance. Profit or loss will still be presented clearly in the single statement of profit or loss and other comprehensive income and will remain as the required starting point for the calculation of earnings per share. In addition, analyses showing the attribution of both profit or loss and total comprehensive income to owners of the parent and non-controlling interests are required within the primary statement itself.

The ED also includes two examples of the statement of profit or loss and other comprehensive income, with one showing the classification of expenses by function and the other by nature.

STATUS

Exposure Draft

EFFECTIVE DATE

n/a

ACCOUNTING IMPACT

The presentation of profit or loss and other comprehensive income

Consequential amendments to other IFRSs

As a result of the proposals in the ED, the term 'two statements' will be deleted from the following standards, IAS 12 *Income Taxes*, IAS 20 *Accounting for Government Grants and Disclosure of Government Assistance*, IAS 21 *The Effects of Changes in Foreign Exchange Rates*, IAS 32 *Financial Instruments: Presentation*, IAS 33 *Earnings per Share*, IAS 34 *Interim Financial Reporting*, IFRS 1 *First-time Adoption of International Financial Reporting Standards*, IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* and IFRS 7 *Financial Instruments: Disclosures*.

Effective date and transition

As this is an exposure draft, there is no stated effective date. The Board will consider the comments it receives on the proposals and decide on whether or how to proceed with an amendment on IAS 1.

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