



<b>To:</b>	<b>AASB Board Members</b>	<b>Date:</b>	18 August 2010
<b>From:</b>	<b>Latif Oylan and Mischa Ginns</b>	<b>Agenda Item:</b>	6.1
<b>Subject:</b>	<b>ED 197 - Presentation of Items of Other Comprehensive Income</b>	<b>File:</b>	

## Action

Review the attached issues paper with a view of providing direction to staff in finalising its submission to the IASB on Exposure Draft ED/2010/5 *Presentation of Items of Other Comprehensive Income (proposed amendments to IAS 1)* that is due for comment by 30 September 2010.

## Background

On 26 May 2010, the IASB published ED/2010/5 for public comment [and it was subsequently issued by the AASB as AASB ED 197 *Presentation of Items of Other Comprehensive Income (proposed amendments to AASB 101)*], as part of Phase B of the IASB and FASB joint project plan, that is focused on the fundamental issues for presentation and display of information in the financial statements.

The IASB's objectives in publishing ED/2010/5 are to:

- (a) make it easier for users of an entity's financial statements to understand all non-owner changes in equity;
- (b) help users to assess the relevance of individual income and expense items presented in other comprehensive income (OCI); and
- (c) assess the potential effects that some OCI items may have on profit or loss.

The main proposals in this ED include:

- (i) removing the option to present two separate statements of profit or loss and OCI and require entities to present a statement of profit or loss and other comprehensive income (entities are still permitted to use other titles);

- (ii) having two sections within the statement of profit or loss and other comprehensive income; these sections being profit or loss and OCI; and
- (iii) presenting items of OCI that will never be reclassified to profit or loss separate than items that will be subsequently reclassified.

AASB staff acknowledge the IASB's efforts to improve the presentation of financial statements through ED/2010/5, however, we are concerned that the proposals do not address fundamental issues relating to:

- (a) financial performance reporting, in particular:
  - (i) the basis for presenting items as part of net income;
  - (ii) the issue of recycling/reclassification; and
- (b) OCI items relating to discontinued operations and non-current assets (or disposal groups) held for sale.

### Staff recommendations

AASB staff think, ideally, a common principle should be developed for identifying, categorising and presenting financial performance information. AASB staff suggest that one way of addressing this would be to revive the matrix format that was considered by the IASB and FASB during the period 2001-2002.

AASB staff believe the IASB should be reminded of issues concerning the presentation of OCI items attributable to discontinued operations and non-current assets (or disposal groups) held for sale and asked to address these issues within the remaining parts of the Financial Statement Presentation project.

### **Attachments**

- Agenda Paper 6.2 Issues Paper: Presentation of Items of Other Comprehensive Income
- Agenda Paper 6.3 Questions raised by IASB and AASB staff tentative views on ED/2010/5
- Agenda Paper 6.4 Submissions on ED 197 *Presentation of Items of Other Comprehensive Income (proposed amendments to AASB 101)*