

Questions raised by the IASB and AASB staff tentative views on ED/2010/5

Question 1

The Board proposes to change the title of the statement of comprehensive income to ‘Statement of profit or loss and other comprehensive income’ when referred to in IFRSs and its other publications. Do you agree? Why or why not? What alternative do you propose?

AASB staff consider the Board should:

- (i) support the change of title to ‘Statement of profit or loss and other comprehensive income’, as this is more encompassing of the line items included in the single statement; and
- (ii) agree that entities should be allowed to use titles for the statements other than those used in IAS 1 *Presentation of Financial Statements* provided those titles faithfully represent the content of the relevant statements.

However, AASB staff consider the Board should not support the example provided in paragraph 10, which states:

...For example, an entity may use the title ‘statement of comprehensive income’ instead of ‘statement of profit or loss and other comprehensive income’.

This is on the basis that the term ‘comprehensive income’ is not defined in IFRSs and therefore, without referring to the requirements of IAS 1, it may be unclear to users as to what would be included in ‘a statement of comprehensive income’. The Board might also suggest that, if the IASB decides to include an example in the revised IAS 1, the ‘statement of total comprehensive income’ be used instead of ‘statement of comprehensive income’. This is a more encompassing title and, in line with its definition, takes into account both profit or loss and other comprehensive income.

Question 2

The proposals would require entities to present a statement of profit or loss and other comprehensive income with two sections— profit or loss and items of other comprehensive income. The Board believes this will provide more consistency in presentation and make financial statements more comparable. Do you agree? Why or why not? What alternative do you propose?

Consistent with the AASB’s comments in its submission on ITC 19 Request for Comment on IASB Discussion Paper *Preliminary Views on Financial Statement Presentation*, AASB staff suggest the Board comments that a single statement of profit or loss and other comprehensive income is the preferred approach. This approach would improve comparability and enhance consistency, by eliminating the differences between the presentation formats currently used by entities that apply IFRSs.

Question 3

The exposure draft proposes to require entities to present items of other comprehensive income (OCI) that will be reclassified to profit or loss (recycled) in subsequent periods upon derecognition separately from items of OCI that will not be reclassified to profit or loss. Do you support this approach? Why or why not? What alternative do you propose, and why?

AASB staff suggest that the Board comment that, if the IASB decides to proceed with the proposals in ED/2010/5 rather than fundamentally reconsidering its approach, the Board supports the IASB's proposals on the basis that it may help users to be aware of those items that will be re-organised. However, there appears to be no fundamental information value in the disaggregation.

Question 4

The exposure draft also proposes to require that income tax on items presented in OCI should be allocated between items that might be subsequently reclassified to profit or loss and those that will not be reclassified subsequently to profit or loss, if the items in OCI are presented before tax. Do you support this proposal? Why or why not? What alternative do you propose and why?

AASB staff suggest that the Board support this proposal on the same terms as noted in relation to Question 3.

Question 5

In the Board's assessment:

- (a) **the main benefits of the proposals are:**
- (i) **presenting all non-owner changes in equity in the same statement;**
 - (ii) **improving comparability by eliminating options currently in IAS 1;**
 - (iii) **maintaining a clear distinction between profit or loss and items of other comprehensive income; and**
 - (iv) **improving clarity of items presented in OCI by requiring them to be classified into items that might be reclassified subsequently to profit or loss and items that will not be reclassified subsequently to profit or loss.**
- (b) **the costs of the proposals should be minimal because in applying the existing version of IAS 1, entities must have all the information required to apply the proposed amendments. Do you agree with the Board's assessment? Why or why not?**

AASB staff suggest that the Board support the proposals as providing greater clarity of the existing approach in IFRSs, but reiterating that the IASB should focus on providing a conceptual basis for what should be presented as part of net income and what should be reported as part of OCI and address the logic and need for recycling.

Question 6

Do you have any other comments on the proposals?

AASB staff have identified a number of terminology and editorial concerns that could be included in the Board's comment letter or provided directly to IASB staff.