

**International Financial Reporting Standard**

# **Presentation of Items of Other Comprehensive Income**

**June 2011**

**IMPLEMENTATION GUIDANCE – AMENDMENTS**

**[IAS 1]**

**[Related to AASB 2011-9]**

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## Amendments to the guidance on implementing IAS 1 *Presentation of Financial Statements*

In the guidance on implementing IAS 1, paragraphs IG1, IG4 and IG5 are amended (new text is underlined and deleted text is struck through) and paragraph IG5A is added. In Part 1: Illustrative presentation of financial statements the examples of the statement of comprehensive income and the separate income statement are deleted and new examples of the statement of profit or loss and other comprehensive income and the statement of profit or loss are inserted.

- IG1 IAS 1 sets out the components of financial statements and minimum requirements for disclosure in the statements of financial position, profit or loss and other comprehensive income and changes in equity. It also describes further items that may be presented either in the relevant financial statement or in the notes. This guidance provides simple examples of ways in which the requirements of IAS 1 for the presentation of the statements of financial position, profit or loss and other comprehensive income and changes in equity might be met. An entity should change the order of presentation, the titles of the statements and the descriptions used for line items when necessary to suit its particular circumstances.
- IG4 The illustrations use the term ‘comprehensive income’ to label the total of all components of profit or loss and other comprehensive income, ~~including profit or loss~~. The illustrations use the term ‘other comprehensive income’ to label income and expenses that are included in comprehensive income but excluded from profit or loss. IAS 1 does not require an entity to use those terms in its financial statements.
- IG5 Two statements of profit or loss and other comprehensive income are provided, to illustrate the alternative presentations of income and expenses in a single statement or in two statements. The ~~single~~ statement of profit or loss and other comprehensive income illustrates the classification of income and expenses within profit or loss by function. The separate statement (in this example, ‘the ~~income~~ statement of profit or loss’) illustrates the classification of income and expenses within profit by nature.
- IG5A Two sets of examples of statements of profit or loss and other comprehensive income are shown. One shows the presentation while IAS 39 *Financial Instruments: Recognition and Measurement* remains effective and is applied; the other shows presentation when IFRS 9 *Financial Instruments* is applied.

## Part I: Illustrative presentation of financial statements

**Examples of statement of profit or loss and other comprehensive income when IAS 39 *Financial Instruments: Recognition and Measurement* is applied**

**XYZ Group – Statement of profit or loss and other comprehensive income for the year ended 31 December 20X7**

**(illustrating the presentation of profit or loss and other comprehensive income in one statement and the classification of expenses within profit by function)**

(in thousands of currency units)

	20X7	20X6
<b>Revenue</b>	390,000	355,000
Cost of sales	(245,000)	(230,000)
Gross profit	145,000	125,000
Other income	20,667	11,300
Distribution costs	(9,000)	(8,700)
Administrative expenses	(20,000)	(21,000)
Other expenses	(2,100)	(1,200)
Finance costs	(8,000)	(7,500)
Share of profit of associates <sup>(a)</sup>	35,100	30,100
<b>Profit before tax</b>	161,667	128,000
Income tax expense	(40,417)	(32,000)
<b>Profit for the year from continuing operations</b>	121,250	96,000
Loss for the year from discontinued operations	–	(30,500)
<b>PROFIT FOR THE YEAR</b>	121,250	65,500
<b>Other comprehensive income:</b>		
<b>Items that will not be reclassified to profit or loss:</b>		
Gains on property revaluation	933	3,367
Actuarial gains (losses) on defined benefit pension plans	(667)	1,333
Share of gain (loss) on property revaluation of associates <sup>(c)</sup>	400	(700)
Income tax relating to items not reclassified <sup>(d)</sup>	(166)	(1,000)
	500	3,000
<b>Items that may be reclassified subsequently to profit or loss:</b>		
Exchange differences on translating foreign operations <sup>(b)</sup>	5,334	10,667
Investments in equity instruments	(24,000)	26,667
Cash flow hedges <sup>(b)</sup>	(667)	(4,000)
Income tax relating to items that may be reclassified <sup>(d)</sup>	4,833	(8,334)
	(14,500)	25,000
<b>Other comprehensive income for the year, net of tax</b>	(14,000)	28,000
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	107,250	93,500

*continued...*

*...continued*

**Examples of statement of profit or loss and other comprehensive income when IAS 39 *Financial Instruments: Recognition and Measurement* is applied**

**XYZ Group – Statement of profit or loss and other comprehensive income for the year ended 31 December 20X7**

**(illustrating the presentation of profit or loss and other comprehensive income in one statement and the classification of expenses within profit by function)**

(in thousands of currency units)

	20X7	20X6
Profit attributable to:		
Owners of the parent	97,000	52,400
Non-controlling interests	24,250	13,100
	<u>121,250</u>	<u>65,500</u>
Total comprehensive income attributable to:		
Owners of the parent	85,800	74,800
Non-controlling interests	21,450	18,700
	<u>107,250</u>	<u>93,500</u>
Earnings per share (in currency units):		
Basic and diluted	<u>0.46</u>	<u>0.30</u>

Alternatively, components of other comprehensive income could be presented in the statement of profit or loss and other comprehensive income net of tax:

<b>Other comprehensive income for the year, after tax:</b>	<b>20X7</b>	<b>20X6</b>
<b>Items that will not be reclassified to profit or loss:</b>		
Gains on property revaluation	600	2,700
Actuarial gains (losses) on defined benefit pension plans	(500)	1,000
Share of gain (loss) on property revaluation of associates	400	(700)
	<u>500</u>	<u>3,000</u>
<b>Items that may be reclassified subsequently to profit or loss:</b>		
Exchange differences on translating foreign operations	4,000	8,000
Investments in equity instruments	(18,000)	20,000
Cash flow hedges	(500)	(3,000)
	<u>(14,500)</u>	<u>25,000</u>
<b>Other comprehensive income for the year, net of tax<sup>(d)</sup></b>	<b><u>(14,000)</u></b>	<b><u>28,000</u></b>

- (a) This means the share of associates' profit attributable to owners of the associates, ie it is after tax and non-controlling interests in the associates.
- (b) This illustrates the aggregated presentation, with disclosure of the current year gain or loss and reclassification adjustment presented in the notes. Alternatively, a gross presentation can be used.
- (c) This means the share of associates' gain (loss) on property revaluation attributable to owners of the associates, ie it is after tax and non-controlling interests in the associates.
- (d) The income tax relating to each item of other comprehensive income is disclosed in the notes.

**XYZ Group – Statement of profit or loss for the year ended  
31 December 20X7**

**(illustrating the presentation of profit or loss and other comprehensive income in two statements and the classification of expenses within profit or loss by nature)**

(in thousands of currency units)

	20X7	20X6
<b>Revenue</b>	390,000	355,000
Other income	20,667	11,300
Changes in inventories of finished goods and work in progress	(115,100)	(107,900)
Work performed by the entity and capitalised	16,000	15,000
Raw material and consumables used	(96,000)	(92,000)
Employee benefits expense	(45,000)	(43,000)
Depreciation and amortisation expense	(19,000)	(17,000)
Impairment of property, plant and equipment	(4,000)	–
Other expenses	(6,000)	(5,500)
Finance costs	(15,000)	(18,000)
Share of profit of associates <sup>(e)</sup>	35,100	30,100
<b>Profit before tax</b>	161,667	128,000
Income tax expense	(40,417)	(32,000)
<b>Profit for the year from continuing operations</b>	121,250	96,000
Loss for the year from discontinued operations	–	(30,500)
<b>PROFIT FOR THE YEAR</b>	121,250	65,500

Profit attributable to:

Owners of the parent	97,000	52,400
Non-controlling interests	24,250	13,100
	121,250	65,500

Earnings per share (in currency units):

Basic and diluted	0.46	0.30
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(e) This means the share of associates' profit attributable to owners of the associates, ie it is after tax and non-controlling interests in the associates.

**XYZ Group – Statement of profit or loss and other comprehensive income for the year ended 31 December 20X7****(illustrating the presentation of profit or loss and other comprehensive income in two statements)**

(in thousands of currency units)

	<b>20X7</b>	<b>20X6</b>
<b>Profit for the year</b>	121,250	65,500
<b>Other comprehensive income:</b>		
<b>Items that will not be reclassified to profit or loss:</b>		
Gains on property revaluation	933	3,367
Actuarial gains (losses) on defined benefit pension plans	(667)	1,333
Share of gain (loss) on property revaluation of associates <sup>(f)</sup>	400	(700)
Income tax relating to items not reclassified <sup>(g)</sup>	<u>(166)</u>	<u>(1,000)</u>
	500	3,000
<b>Items that may be reclassified subsequently to profit or loss:</b>		
Exchange differences on translating foreign operations	5,334	10,667
Investments in equity instruments	(24,000)	26,667
Cash flow hedges	(667)	(4,000)
Income tax relating to items that may be reclassified <sup>(g)</sup>	<u>4,833</u>	<u>(8,334)</u>
	<u>(14,500)</u>	<u>25,000</u>
<b>Other comprehensive income for the year, net of tax</b>	<u>(14,000)</u>	<u>28,000</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<u><u>107,250</u></u>	<u><u>93,500</u></u>
<b>Total comprehensive income attributable to:</b>		
Owners of the parent	85,800	74,800
Non-controlling interests	<u>21,450</u>	<u>18,700</u>
	<u><u>107,250</u></u>	<u><u>93,500</u></u>

Alternatively, items of profit or loss and other comprehensive income could be presented, net of tax. Refer to the statement of profit or loss and other comprehensive income illustrating the presentation of income and expenses in one statement.

- (f) This means the share of associates' gain (loss) on property revaluation attributable to owners of the associates, ie it is after tax and non-controlling interests in the associates.
- (g) The income tax relating to each item of other comprehensive income is disclosed in the notes.

## PRESENTATION OF ITEMS OF OTHER COMPREHENSIVE INCOME

**Examples of statement of profit or loss and other comprehensive income when IFRS 9 *Financial Instruments* is applied**

**XYZ Group – Statement of profit or loss and other comprehensive income for the year ended 31 December 20X7**

**(illustrating the presentation of profit or loss and other comprehensive income in one statement and the classification of expenses within profit by function)**

(in thousands of currency units)

	<b>20X7</b>	<b>20X6</b>
<b>Revenue</b>	390,000	355,000
Cost of sales	(245,000)	(230,000)
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Administrative expenses	(20,000)	(21,000)
Other expenses	(2,100)	(1,200)
Finance costs	(8,000)	(7,500)
Share of profit of associates <sup>(a)</sup>	35,100	30,100
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Gains on property revaluation	933	3,367
Investments in equity instruments	(24,000)	26,667
Actuarial gains (losses) on defined benefit pension plans	(667)	1,333
Share of gain (loss) on property revaluation of associates <sup>(c)</sup>	400	(700)
Income tax relating to items not reclassified <sup>(d)</sup>	5,834	(7,667)
	(17,500)	23,000
<b>Items that may be reclassified subsequently to profit or loss:</b>		
Exchange differences on translating foreign operations <sup>(b)</sup>	5,334	10,667
Cash flow hedges <sup>(b)</sup>	(667)	(4,000)
Income tax relating to items that may be reclassified <sup>(d)</sup>	(1,167)	(1,667)
	3,500	5,000
<b>Other comprehensive income for the year, net of tax</b>	(14,000)	28,000
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	107,250	93,500

*continued...*

...continued

Examples of statement of profit or loss and other comprehensive income when IFRS 9 *Financial Instruments* is applied

**XYZ Group – Statement of profit or loss and other comprehensive income for the year ended 31 December 20X7**

(illustrating the presentation of profit or loss and other comprehensive income in one statement and the classification of expenses within profit by function)

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Basic and diluted	<u>0.46</u>	<u>0.30</u>

Alternatively, components of other comprehensive income could be presented in the statement of profit or loss and other comprehensive income net of tax

**Other comprehensive income for the year, after tax:**

**Items that will not be reclassified to profit or loss:**

Gains on property revaluation	600	2,700
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	<u>(17,500)</u>	<u>23,000</u>

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	<u>3,500</u>	<u>5,000</u>
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**(illustrating the presentation of profit or loss and other comprehensive income in two statements and the classification of expenses within profit or loss by nature)**

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Alternatively, items of profit or loss and other other comprehensive income could be presented, net of tax. Refer to the statement of comprehensive income illustrating the presentation of income and expenses in one statement.

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