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From: Graeme Tolson [GraemeTolson@carriganco.com.au]
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To: AASB Mailbox
Subject: Invitation to Comment - ITC 19 Request for Comment on IASB Discussion Paper - Preliminary Views on Financial Statement Presentation - January 2009 - Open for Comment

Comment on AASB 101, Comprehensive Income and examples.

Additional example needed for AASB 116 para 41.

41. The revaluation reserve included in equity in respect of an item of property, plant and equipment may be transferred directly to retained earnings when the asset is derecognised. This may involve transferring the whole of the surplus when the asset is retired or disposed of. **However, some of the surplus may be transferred as the asset is used by an entity. In such a case, the amount of the surplus transferred would be the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost. Transfers from revaluation reserve to retained earnings are not made through profit or loss.**

For Not-For-Profit entities such as Incorporated Associations and Clubs limited by Guarantee, the operating profit is often very small or a small loss. When they revalue property and have a revaluation increment it is not recorded in profit but instead direct to retained profits (reserves). The increase in depreciation in future years is often in excess of their small profits. I assume that AASB116 para 41 adjustments would now be included in the Comprehensive Income report after Profit & (Loss).

If this is correct, can an example be included in the AASB 101?

Thank you,

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