

Presentation of other comprehensive income



Presentation of Items of Other Comprehensive Income (Amendments to IAS 1 *Presentation of Financial Statements*) introduces changes to the presentation of items of other comprehensive income. It was issued by the IASB¹ on 16 June 2011. The amendments have been made jointly with the FASB²; however, they published their amendments separately.

Summary

The amendments:

- require that an entity present separately the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met from those that would never be reclassified to profit or loss. Consequently an entity that presents items of other comprehensive income before related tax effects would also have to allocate the aggregated tax amount between these sections;
- do not change the existing option to present profit or loss and other comprehensive income in two statements; and
- change the title of the statement of comprehensive income to the statement of profit or loss and other comprehensive income. However, an entity is still allowed to use other titles.

The amendments do not address which items are presented in other comprehensive income or which items need to be reclassified. The requirements of other IFRSs continue to apply in this regard.

Some examples of other comprehensive income items that may be reclassified subsequently to profit or loss are foreign currency differences on disposal of a foreign operation, and realised gains or losses on available-for-sale financial assets or cash flow hedges. Examples of other comprehensive income items that would never be reclassified to profit or loss are changes in a revaluation surplus recognised in accordance with IAS 16 *Property, Plant and Equipment* and actuarial gains and losses on defined benefit pension plans recognised in accordance with IAS 19 *Employee Benefits*.

Highlights

- Preserves the option to present profit or loss and other comprehensive income in two statements
- Items of other comprehensive income that may be reclassified to profit or loss in the future are presented separately from items that would never be reclassified
- Title of statement of comprehensive income renamed to statement of profit or loss and other comprehensive income

Illustration of new presentation requirements

Please refer to KPMG's Illustrative financial statements (August 2010) for an illustrative example of a single statement approach for the statement of comprehensive income under current IAS 1, which is consistent with the amendments except for the separate presentation within the other comprehensive income section. Below we provide an excerpt of the other comprehensive income section under the new requirements using the amounts in KPMG's Illustrative financial statements (August 2010).

Other comprehensive income:	2010	2009
Items that will not be reclassified to profit or loss:		
Revaluation of property, plant and equipment	200	-
Defined benefit plan actuarial gains (losses)	72	(15)
Income tax on items that will not be reclassified to profit or loss	(90)	5
	<u>182</u>	<u>(10)</u>
Items that may be reclassified subsequently to profit or loss:		
Foreign currency translation differences for foreign operations	480	330
Share of foreign currency translation differences of associates	21	-
Net loss on hedge of net investment in foreign operation	(3)	(8)
Cash flow hedges	(93)	66
Available for sale financial assets	135	94
Income tax on items that may be reclassified to profit or loss	(14)	(53)
	<u>526</u>	<u>429</u>
Other comprehensive income, net of tax	708	419

Effective date and transition

The effective date is 1 July 2012 and the amendments may be early applied. The amendments are applied retrospectively, in accordance with IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*.

Abbreviations

- 1 IASB: International Accounting Standards Board
- 2 FASB: US Financial Accounting Standards Board

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