

# *Straight away*

## IFRS bulletin from PwC

16 June 2011

### *IASB amends IAS 1 for presentation of items of other comprehensive income*

#### *What is the issue?*

The IASB has issued an amendment to IAS 1, 'Presentation of financial statements'. The amendment changes the disclosure of items presented in other comprehensive income (OCI) in the statement of comprehensive income.

The IASB originally proposed that all entities should present profit or loss and OCI together in a single statement of comprehensive income. The proposal has been withdrawn and IAS 1 will still permit profit or loss and OCI to be presented in either a single statement or in two consecutive statements.

The amendment does not address which items should be presented in OCI and the option to present items of OCI either before tax or net of tax has been retained.

The amendment was developed jointly with the FASB, which has removed the option in US GAAP to present OCI in the statement of changes in equity.

#### *Key provisions*

The amendment requires entities to separate items presented in OCI into two groups, based on whether or not they may be recycled to profit or loss in the future. Items that will not be recycled such as revaluation gains on property,

plant and equipment will be presented separately from items that may be recycled in the future, such as deferred gains and losses on cash flow hedges. Entities that choose to present OCI items before tax will be required to show the amount of tax related to the two groups separately.

The title used by IAS 1 for the statement of comprehensive income has changed to 'statement of profit or loss and other comprehensive income'. However IAS 1 still permits entities to use other titles.

#### *Transition*

The amendment is effective for annual periods beginning on or after 1 July 2012. Early adoption is permitted and full retrospective application is required.

#### *Am I affected?*

All entities with gains and losses presented in OCI are affected by the change to the presentation of OCI items.

#### *What do I need to do?*

Management should confirm that reporting systems are able to capture the information needed to implement the revised presentation of OCI items, and update the systems where necessary.

