

IFRS ALERT 2011/01

JUNE 2011

AMENDMENTS TO IAS 1: PRESENTATION OF FINANCIAL STATEMENTS



On 16 June 2011 the International Accounting Standards Board (IASB) issued Presentation of Items of Other Comprehensive Income (amendments to IAS 1) to align the presentation of items of other comprehensive income (OCI) in financial statements prepared in accordance with International Financial Reporting Standards (IFRSs) and those prepared in accordance with US GAAP.

The original OCI exposure draft (ED) proposed that profit or loss and OCI be presented in a single statement of comprehensive income. However the amendment to IAS 1 reaffirms the existing requirement for profit or loss and OCI to be presented as either a single statement of comprehensive income, or as a separate statement of profit or loss and separate statement of comprehensive income. Minor amendments were made to terminology, changing 'statement of comprehensive income' to 'statement of profit or loss' and to clarify that the statement (or section of the single statement) that sets out profit or loss always precedes the statement (or section of the single statement) that sets out other comprehensive income.

Other amendments made to IAS 1 focus on how entities present items of OCI. The amendments require entities to present line items for OCI amounts by nature and to group items presented in OCI into two categories:

- those that could subsequently be reclassified to profit or loss (reclassification adjustments); and
- those that that will not be reclassified.

The amendments did not alter guidance on which items should or should not be included in OCI.

IAS 1 permits entities to present components of OCI either net of related tax effects, or before tax with one amount shown for the aggregate amount of income tax relating to those components. Entities will continue to have this choice of tax presentation. However, if an entity presents OCI items before related tax effects then tax is required to be allocated and disclosed separately for each of the two OCI groups (ie the items that might subsequently be reclassified to the profit or loss section and those that will not be reclassified subsequently to the profit or loss section).

The amendments to IAS 1 are effective for annual periods beginning on or after 1 July 2012, with early adoption permitted. If an entity applies the amendments for an earlier period it is required disclose that fact.

STATUS

Final

EFFECTIVE DATE

Annual periods beginning on or after 1 July 2012

ACCOUNTING IMPACT

Changes to presentation of profit or loss and other comprehensive income.

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