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# Disclosure Initiative

Proposed amendments to IAS 1

Comments to be received by 23 July 2014

IASB<sup>®</sup>

 IFRS<sup>®</sup>

## **Disclosure Initiative**

(Proposed amendments to IAS 1)

*Comments to be received by 23 July 2014*

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## Introduction

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This Exposure Draft, published by the International Accounting Standards Board (IASB), contains proposed amendments to IAS 1 *Presentation of Financial Statements*. The amendments proposed have resulted mainly from the IASB's Disclosure Initiative (pages 8–21 of this Exposure Draft). One proposal comes from a submission to the IFRS Interpretations Committee (pages 22–33 of this Exposure Draft).

Because the proposed amendments to IAS 1 are similar in nature, they were considered by the IASB at the same time and are presented in one Exposure Draft.

## Invitation to comment

The IASB invites comments on the proposals in this Exposure Draft, particularly on the questions set out below. Comments are most helpful if they:

- (a) comment on the questions as stated;
- (b) indicate the specific paragraph(s) to which they relate;
- (c) contain a clear rationale; and
- (d) describe any alternative that the IASB should consider, if applicable.

The IASB is not requesting comments on matters in IAS 1 that are not addressed in this Exposure Draft.

Comments should be submitted in writing so as to be received no later than **23 July 2014**.

## Questions for respondents

### Question 1—Disclosure Initiative amendments

The amendments to IAS 1 arising from the Disclosure Initiative aim to make narrow-focus amendments that will clarify some of its presentation and disclosure requirements to ensure entities are able to use judgement when applying that Standard. The amendments respond to concerns that the wording of some of the requirements in IAS 1 may have prevented the use of such judgement.

The proposed amendments relate to:

- (a) materiality and aggregation (see paragraphs 29–31 and BC1–8 of this Exposure Draft);
- (b) statement of financial position and statement of profit or loss and other comprehensive income (see paragraphs 54, 55A, 82, 85A and 85B and BC9–BC15 of this Exposure Draft);
- (c) notes structure (see paragraphs 113–117 and BC16–BC19 of this Exposure Draft); and
- (d) disclosure of accounting policies (see paragraphs 120 and BC20–BC22 of this Exposure Draft).

Do you agree with each of the amendments? Do you have any concerns about, or alternative suggestions for, any of the proposed amendments?

### Question 2—Presentation of items of other comprehensive income arising from equity-accounted investments

Do you agree with the IASB's proposal to amend IAS 1 for the presentation of items of other comprehensive income arising from equity-accounted investments amendments (see paragraphs 82A, BC1–BC6 and the Guidance on implementing IAS 1)?

If not, why and what alternative do you propose?

**Question 3—Transition provisions and effective date**

Do you agree with the proposed transition provisions for the amendments to IAS 1 as described in this Exposure Draft (see paragraphs 139N and BC23–BC25)?

If not, why and what alternative do you propose?

**How to comment**

Comments should be submitted using one of the following methods.

**Electronically** Visit the ‘Comment on a proposal page’, which can be found at:  
(our preferred method) [go.ifrs.org/comment](http://go.ifrs.org/comment)

**Email** Email comments can be sent to: [commentletters@ifrs.org](mailto:commentletters@ifrs.org)

**Postal** IFRS Foundation  
30 Cannon Street  
London EC4M 6XH  
United Kingdom

All comments will be on the public record and posted on our website unless confidentiality is requested. Such requests will not normally be granted unless supported by good reason, for example, commercial confidence. Please see our website for details on this and how we use your personal data.

## **Approval by the Board of the Exposure Draft *Disclosure Initiative* (Proposed amendments to IAS 1) published in March 2014**

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The Exposure Draft *Disclosure Initiative* (Proposed amendments to IAS 1) was approved for publication by 16 members of the International Accounting Standards Board.

Hans Hoogervorst

Chairman

Ian Mackintosh

Vice-Chairman

Stephen Cooper

Philippe Danjou

Martin Edelmann

Jan Engström

Patrick Finnegan

Amaro Luiz de Oliveira Gomes

Gary Kabureck

Suzanne Lloyd

Patricia McConnell

Takatsugu Ochi

Darrel Scott

Chungwoo Suh

Mary Tokar

Wei-Guo Zhang



## **[Draft] Proposed amendments to IAS 1 arising from the Disclosure Initiative**

### **Introduction**

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During its *Agenda Consultation 2011*, the IASB received requests to review disclosure requirements in existing Standards and to develop a disclosure framework.

The IASB is considering presentation and disclosure as part of its revision of the *Conceptual Framework for Financial Reporting*. That work will help the IASB when it develops new Standards or amends existing Standards. To complement the work being done in the *Conceptual Framework* project, in 2013 the IASB started its Disclosure Initiative. The Disclosure Initiative is made up of a number of projects, both short- and medium-term, and ongoing activities that explore how presentation and disclosure principles and requirements in existing Standards can be improved.

This Exposure Draft is the result of one of the short-term projects under the Disclosure Initiative. It proposes narrow-focus clarifying amendments to IAS 1 *Presentation of Financial Statements* to address some of the concerns expressed about existing presentation and disclosure requirements and to ensure entities are able to use judgement when applying that Standard. Each of the proposed amendments is described below.

### **Materiality**

The IASB proposes to amend the materiality requirements in IAS 1 to emphasise that:

- (a) entities shall not aggregate or disaggregate information in a manner that obscures useful information;
- (b) the materiality requirements apply to the statement(s) of profit or loss and other comprehensive income, statement of financial position, statement of cash flows and statements of changes in equity and to the notes; and
- (c) when a Standard requires a specific disclosure, the resulting information shall be assessed to determine whether it is material and consequently whether presentation or disclosure of that information is warranted.

### **Information to be presented in the statement of financial position or the statement(s) of profit or loss and other comprehensive income**

The IASB proposes to amend the requirements for presentation in the statement of financial position and in the statement(s) of profit or loss and other comprehensive income by:

- (a) clarifying that the presentation requirements for line items may be fulfilled by disaggregating a specific line item; and
- (b) introducing requirements for an entity when presenting subtotals in accordance with paragraphs 55 and 85 of IAS 1.

## **Notes**

The IASB proposes to amend the requirements regarding the structure of the notes by:

- (a) emphasising that the understandability and comparability of its financial statements should be considered by an entity when deciding the systematic order for the notes; and
- (b) clarifying that entities have flexibility as to the systematic order for the notes, which does not need to be in the order listed in paragraph 114 of IAS 1.

## **Disclosure of accounting policies**

The IASB proposes to remove the guidance in paragraph 120 of IAS 1 for identifying a significant accounting policy, including removing potentially unhelpful examples.

## [Draft] Proposed amendments to IAS 1 arising from the Disclosure Initiative

Paragraphs 29–31, 54, 82 and 113–117 are amended, paragraphs 30A, 55A, 85A–85B, 113A and 139N are added, paragraph 115 is replaced in full and paragraph 120 is deleted. Paragraphs 55, 85, 112, 118, 119 and 121 have not been amended but are included for ease of reference. Deleted text is struck through and new text is underlined.

### Materiality and aggregation

**29** **An entity shall present or disclose separately each material class of similar items. An entity shall present or disclose separately items of a dissimilar nature or function unless they are immaterial.**

**30** Financial statements result from processing large numbers of transactions or other events that are aggregated into classes according to their nature or function. The final stage in the process of aggregation and classification is the presentation of condensed and classified data, which form line items in the financial statements. If a line item is not individually material, it is aggregated with other items either in those statements or in the notes. An item that is not sufficiently material to warrant separate presentation in those statements may warrant separate ~~presentation~~ disclosure in the notes.

**30A** When applying this and other IFRSs, an entity shall decide, taking into consideration all relevant facts and circumstances, how it aggregates or disaggregates information included in the financial statements. An entity shall not aggregate or disaggregate information in a manner that obscures useful information, such as by aggregating items that have different characteristics or by overwhelming useful information with immaterial information.

**31** Some IFRSs identify information that is required to be presented or disclosed in the financial statements of an entity. Notwithstanding these specific requirements, an entity shall assess whether all of that information needs to be presented or disclosed, or whether some of the information is immaterial and presenting or disclosing it would reduce the understandability of its financial statements by detracting from the material information. An entity need not provide a specific disclosure required by an IFRS in the financial statements, including in the notes, if the information resulting from that disclosure is not material. This is the case even if the IFRS contains a list of specific requirements or describes them as minimum requirements. An entity shall also consider whether information about matters addressed by an IFRS needs to be presented or disclosed to meet the needs of users of financial statements, even if that information is not included in the specific disclosure requirements of the IFRS.

...

### Information to be presented in the statement of financial position

**54** ~~As a minimum, the statement of financial position shall include line items that present the following amounts:~~

**(a) property, plant and equipment;**

- (b) investment property;
- (c) intangible assets;
- (d) financial assets (excluding amounts shown under (e), (h) and (i));
- (e) investments accounted for using the equity method;
- (f) biological assets;
- (g) inventories;
- (h) trade and other receivables;
- (i) cash and cash equivalents;
- (j) the total of assets classified as held for sale and assets included in disposal groups classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*;
- (k) trade and other payables;
- (l) provisions;
- (m) financial liabilities (excluding amounts shown under (k) and (l));
- (n) liabilities and assets for current tax, as defined in IAS 12 *Income Taxes*;
- (o) deferred tax liabilities and deferred tax assets, as defined in IAS 12;
- (p) liabilities included in disposal groups classified as held for sale in accordance with IFRS 5;
- (q) non-controlling interests, presented within equity; and
- (r) issued capital and reserves attributable to owners of the parent.

These line items shall be disaggregated when such presentation is relevant to an understanding of the entity's financial position. For example, an entity might conclude that disaggregating 'property, plant and equipment', specified in paragraph 54(a), into separate line items in the statement of financial position for 'property', 'plant' and 'equipment' is capable of making a difference in the decisions made by users of financial statements.

55 An entity shall present additional line items, headings and subtotals in the statement of financial position when such presentation is relevant to an understanding of the entity's financial position.

55A When an entity presents subtotals in accordance with paragraph 55, those subtotals shall:

- (a) be made up of items recognised and measured in accordance with IFRS;
- (b) be presented and labelled in a manner that makes what constitutes the subtotal understandable; and
- (c) be consistent from period to period.

...

**Information to be presented in the profit or loss section or the statement of profit or loss**

82 In addition to items required by other IFRSs, the profit or loss section or the statement of profit or loss shall include line items that present the following amounts for the period:

- (a) revenue;
- (aa) gains and losses arising from the derecognition of financial assets measured at amortised cost;
- (b) finance costs;
- (c) share of the profit or loss of associates and joint ventures accounted for using the equity method;
- (ca) if a financial asset is reclassified so that it is measured at fair value, any gain or loss arising from a difference between the previous carrying amount and its fair value at the reclassification date (as defined in IFRS 9);
- (d) tax expense;
- (e) [deleted]
- (ea) a single amount for the total of discontinued operations (see IFRS 5).
- (f)–(i) [deleted]

These line items shall be disaggregated when such presentation is relevant to an understanding of the entity's financial performance.

**Information to be presented in the other comprehensive income section**

...

85 An entity shall present additional line items, headings and subtotals in the statement(s) presenting profit or loss and other comprehensive income when such presentation is relevant to an understanding of the entity's financial performance.

85A When an entity presents subtotals in accordance with paragraph 85, those subtotals shall:

- (a) be made up of items recognised and measured in accordance with IFRS;
- (b) be presented and labelled in a manner that makes what constitutes the subtotal understandable;
- (c) be consistent from period to period; and
- (d) not be displayed with more prominence than the subtotals and totals specified in this IFRS.

85B An entity shall reconcile any subtotals presented in accordance with paragraph 85 to the subtotals or totals required by this IFRS by presenting each excluded item in the statement(s) of profit or loss and other comprehensive income.

...

**Structure**

- 112 **The notes shall:**
- (a) **present information about the basis of preparation of the financial statements and the specific accounting policies used in accordance with paragraphs 117-124;**
  - (b) **disclose the information required by IFRSs that is not presented elsewhere in the financial statements; and**
  - (c) **provide information that is not presented elsewhere in the financial statements, but is relevant to an understanding of any of them.**
- 113 **An entity shall, as far as practicable, present notes in a systematic manner. ~~An entity shall cross-reference each item in the statements of financial position and in the statement(s) of profit or loss and other comprehensive income, and in the statements of changes in equity and of cash flows to any related information in the notes. In determining a systematic approach, the entity shall consider the understandability and comparability of its financial statements.~~**
- 113A When determining a systematic order for the notes, an entity may order notes in a way that gives prominence to disclosures that it views as more relevant to an understanding of its financial position or financial performance or makes the relationship between some disclosures more understandable. For example, an entity could order its notes by grouping those about financial instruments together, such as disclosures about changes in the fair value recognised in profit or loss, the fair value recognised in the statement of financial position and the maturities of such instruments. Grouping notes in this way could make it clearer what the relationships are between the types of information disclosed. In addition, where this group of disclosures is positioned in the financial statements may be determined by how the entity views the relative importance of financial instruments to an understanding of its financial position or performance.
- 114 Alternatively, when determining a systematic order for the notes, an An entity normally may presents its notes in the following order, to assist users of the financial statements to understand how the notes relate to the entity's financial statements and to compare them with financial statements of other entities:
- (a) statement of compliance with IFRSs (see paragraph 16);
  - (b) ~~summary of~~ significant accounting policies applied (see paragraph 117);
  - (c) supporting information for items presented in the statements of financial position and in the statement(s) of profit or loss and other comprehensive income, and in the statements of changes in equity and of cash flows, which may, for example, be disclosed in the order in which each statement and each line item is presented; and
  - (d) other disclosures, including:

- (i) contingent liabilities (see IAS 37) and unrecognised contractual commitments, and
- (ii) non-financial disclosures, eg the entity's financial risk management objectives and policies (see IFRS 7).

115 ~~In some circumstances, it may be necessary or desirable to vary the order of specific items within the notes. For example, an entity may combine information on changes in fair value recognised in profit or loss with information on maturities of financial instruments, although the former disclosures relate to the statement(s) presenting profit or loss and other comprehensive income and the latter relate to the statement of financial position. Nevertheless, an entity retains a systematic structure for the notes as far as practicable.~~

115 **An entity shall cross-reference each item presented in the statement of financial position and in the statement(s) of profit or loss and other comprehensive income, and in the statements of changes in equity and of cash flows, to any related information in the notes.**

116 An entity may ~~present notes providing~~ disclose information about the basis of preparation of the financial statements and specific accounting policies as notes in a separate section of the financial statements or as part of other notes.

#### **Disclosure of accounting policies**

117 **~~An entity shall disclose in the summary of significant accounting policies:~~**

- (a) the measurement basis (or bases) used in preparing the financial statements, and**
- (b) the other accounting policies used that are relevant to an understanding of the financial statements.**

118 It is important for an entity to inform users of the measurement basis or bases used in the financial statements (for example, historical cost, current cost, net realisable value, fair value or recoverable amount) because the basis on which an entity prepares the financial statements significantly affects users' analysis. When an entity uses more than one measurement basis in the financial statements, for example when particular classes of assets are revalued, it is sufficient to provide an indication of the categories of assets and liabilities to which each measurement basis is applied.

119 In deciding whether a particular accounting policy should be disclosed, management considers whether disclosure would assist users in understanding how transactions, other events and conditions are reflected in reported financial performance and financial position. Disclosure of particular accounting policies is especially useful to users when those policies are selected from alternatives allowed in IFRSs. An example is disclosure of whether an entity applies the fair value or cost model to its investment property (see IAS 40 *Investment Property*). Some IFRSs specifically require disclosure of particular accounting policies, including choices made by management between different policies they allow.

For example, IAS 16 requires disclosure of the measurement bases used for classes of property, plant and equipment.

120 ~~Each entity considers the nature of its operations and the policies that the users of its financial statements would expect to be disclosed for that type of entity. For example, users would expect an entity subject to income taxes to disclose its accounting policies for income taxes, including those applicable to deferred tax liabilities and assets. When an entity has significant foreign operations or transactions in foreign currencies, users would expect disclosure of accounting policies for the recognition of foreign exchange gains and losses. [Deleted]~~

121 An accounting policy may be significant because of the nature of the entity's operations even if amounts for current and prior periods are not material. It is also appropriate to disclose each significant accounting policy that is not specifically required by IFRSs but the entity selects and applies in accordance with IAS 8.

...

## Transition and effective date

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139N Disclosure Initiative (Amendments to IAS 1), issued in [date], amended paragraphs 29-31, 54, 82, 82A and 113-117, added paragraphs 30A, 55A, 85A-85B and 113A, replaced paragraph 115 in full and deleted paragraph 120. An entity shall apply those amendments from the effective date of [date]. Earlier application is permitted. If an entity applies those amendments for an earlier period it shall disclose that fact.



## **Basis for Conclusions on the [Draft] Proposed amendments to IAS 1 arising from the Disclosure Initiative**

*This Basis for Conclusions accompanies, but is not part of, the proposed amendments.*

### **Materiality and aggregation**

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- BC1 The IASB was informed at the *Financial Reporting Disclosure* Discussion Forum in January 2013,<sup>1</sup> in its related survey and by other sources, that the concept of materiality is not being applied in practice as well as it could be. Some are of the view that this is the main cause of problems with disclosure, including that there is both the provision of too much irrelevant information and not enough relevant information in the financial statements. A number of factors have been identified for why materiality may not be applied well in practice. One of these is that the guidance on materiality in IFRS is not clear.
- BC2 Some think that the statement in IAS 1 that an entity need not provide a required specific disclosure if the information is not material means that an entity does not need to present an item in the statement(s) of profit or loss and other comprehensive income, statement of financial position, statement of cash flows and statement of changes in equity, but must instead disclose it in the notes. However, the IASB noted that the concept of materiality is applicable to financial statements as a whole, not only to those statements.
- BC3 Some are of the view that when IFRS requires specific disclosures, the concept of materiality does not apply to those disclosure requirements, ie disclosures specifically identified in IFRS are required irrespective of whether they result in material information. In addition, some people think that when an amount in the statement(s) of profit or loss and other comprehensive income and statement of financial position is material, all the disclosures in IFRS specified for that item must be disclosed. The IASB observed that paragraph 31 of IAS 1 is clear that the concept of materiality also applies to specific disclosures required by an IFRS.
- BC4 The IASB understands that these misconceptions may have arisen because of the wording that is used when specifying presentation or disclosure requirements in IFRS, for example the use of the words 'as a minimum'. For this reason the IASB has removed the reference to 'as a minimum' in paragraph 54 of IAS 1. This makes the requirement consistent with the corresponding requirement for the profit or loss section or the statement of profit or loss in paragraph 82 of IAS 1. The IASB also acknowledges that similar wording and other potential misconceptions exist in other IFRSs. The IASB intends to review the wording of specific disclosure requirements during a broader review of those IFRSs.
- BC5 The IASB noted that the definition of 'material' in paragraph 7 of IAS 1 discusses omissions or misstatements of items being material if they could individually or collectively influence economic decisions. The IASB did consider making amendments to paragraph 31 of IAS 1 to say that an entity need not provide a specific disclosure if the information provided by that disclosure is not material,

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<sup>1</sup> See link: <http://www.ifrs.org/Current-Projects/IASB-Projects/Disclosure-Initiative/Discussion-Forum-Financial-Reporting-Disclosure/Pages/Discussion-Forum-Financial-Reporting-Disclosure.aspx>

either individually or collectively. In the IASB's view the definition of what is 'material' already incorporates the notions of individual and collective assessment and, therefore, reference to material is sufficient. Any additional guidance on what assessing materiality on a collective basis means would be better placed in the broader consideration of materiality as part of the Disclosure Initiative.

- BC6 The IASB also proposes an amendment to IAS 1 to emphasise that providing immaterial information can obscure useful information in financial statements. Overwhelming useful information with immaterial information in financial statements makes the useful information less visible and consequently less understandable. The IASB noted that some recent Exposure Drafts, for example, the *Insurance Contracts* and the *Leases* Exposure Drafts, have included wording that highlights this point. The IASB does not propose to prohibit entities from disclosing immaterial information, because it thinks that such a requirement would not be operational, but it proposes to emphasise that such disclosure should not result in material information being obscured.
- BC7 On the basis of its observations and conclusions set out in paragraphs BC1–BC6 of this Exposure Draft, the IASB proposes amendments to paragraph 31 of IAS 1 to address potentially unclear wording and to clarify the intended application of the materiality requirements. A new paragraph, paragraph 30A, is proposed to be added to IAS 1 to emphasise the potentially detrimental effect of including immaterial or irrelevant information in the financial statements. In addition, the IASB proposes some changes to the terminology used in the paragraphs in this Exposure Draft for 'presentation' and 'disclosure'. In this Exposure Draft the IASB has used the term 'present' to mean disclosure as a line item on the statement(s) of profit or loss and other comprehensive income, statement of financial position, statement of cash flows and statement of changes in equity and the term 'disclose' to mean disclosure in the notes. The ongoing *Conceptual Framework* project is considering the terminology 'presentation' and 'disclosure'.
- BC8 In addition to the amendments to the materiality requirements in IAS 1, the IASB will be undertaking a short-term project in its Disclosure Initiative to assess the existing guidance on materiality. That assessment could result in additional guidance or education material being produced on materiality.

## **Statement of financial position and statement of profit or loss and other comprehensive income**

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### **Information to be presented in the statement of financial position and in the profit or loss section or the statement of profit or loss**

- BC9 Paragraph 54 of IAS 1 lists line items required to be presented in the statement of financial position. The IASB has been informed that some have interpreted that requirement as being a prescriptive list and that those line items cannot be disaggregated. There is also a perception by some that IFRS prevents them from presenting subtotals in addition to those specifically required by IFRS.
- BC10 Paragraph 55 of IAS 1 requires an entity to present additional line items, headings and subtotals if their presentation is relevant to an understanding of

the entity's financial position. This highlights that the line items listed for presentation in paragraph 54 of IAS 1 should be disaggregated and that subtotals should be presented, when relevant.

- BC11 Consequently, the IASB proposes to:
- (a) remove the wording "as a minimum" from paragraph 54 of IAS 1 (see paragraph BC4) to address the possible misconception that this wording prevents entities from aggregating the line items specified in paragraph 54 of IAS 1 if those specified line items are immaterial; and
  - (b) include an example of a disaggregation of a line item specified in IAS 1 to highlight that the line items listed for presentation in the statement of financial position should be disaggregated when such a presentation is relevant to an understanding of the entity's financial position. It also proposes to clarify that the presentation requirements in paragraph 54 of IAS 1 may be fulfilled by disaggregating a specified line item.
- BC12 The IASB noted that there are similar presentation requirements in IAS 1 for the statement(s) of profit or loss and other comprehensive income. The IASB therefore proposes to make amendments to those requirements to make them consistent, where appropriate.
- BC13 The IASB also understands that some are concerned about the presentation of subtotals, in addition to those specified in IFRS, in the statement of financial position and the statement(s) of profit or loss and other comprehensive income. Those with this concern think that some subtotals could be misleading or be given undue prominence. The IASB noted that paragraphs 55 and 85 of IAS 1 require the presentation of subtotals when such presentation is relevant to an understanding of the entity's financial position or financial performance.
- BC14 The IASB therefore proposes to include additional requirements in IAS 1 to help apply the requirement in paragraphs 55 and 85 of IAS 1 to present subtotals. Those requirements provide discipline when an entity presents subtotals by clarifying what factors should be considered when aggregating amounts that have been measured and recognised in accordance with IFRS into a subtotal. Specifically the subtotal should:
- (a) be understandable. It should be transparent, by the way that the subtotal is presented and labelled, what line items make up the subtotal.
  - (b) be consistent from period to period. That is, the subtotal should be consistently presented and calculated from period to period, subject to possible changes in accounting policy or estimate assessed in accordance with IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*.
  - (c) in the case of the statement(s) of profit or loss and other comprehensive income, not be displayed with more prominence than those subtotals and totals specified by paragraphs 81A–81B of IAS 1. In addition, to help users of financial statements understand the relationship between the subtotals presented in accordance with paragraph 85 and the totals and subtotals specified in IAS 1, the IASB proposes that entities should present line items, subject to the materiality requirements in IAS 1, that reconcile those subtotals with those that are specifically required by

IFRS. The IASB did not propose similar amendments for subtotals presented in the statement of financial position because IAS 1 does not specify totals or subtotals for that statement.

- BC15 The IASB does not want to propose amendments that could be seen as encouraging the proliferation of 'non-GAAP' measures. This is not the intention of the proposed amendments, the aim of which was to provide additional guidance on the fair presentation of subtotals presented in accordance with paragraph 55 or 85 of IAS 1. The IASB also thought that it would not be appropriate to refer in IAS 1 to examples of commonly reported subtotals in IAS 1, because they were concerned that referring to a particular subtotal might be interpreted as giving those examples more significance than others. They think that the additional requirements proposed clarify what factors to consider when determining how to fairly present subtotals.

## Notes

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### Structure

- BC16 The IASB is aware that there is a perception by some that paragraph 114 of IAS 1 requires a specific order for the notes. Paragraph 114 of IAS 1 says that "an entity normally presents notes in the [following] order" and then lists a particular order for the notes. Some think that the use of 'normally' makes it difficult for an entity to vary the order of the notes from the one that is listed in paragraph 114 of IAS 1; for example, by disclosing the explanatory notes in order of importance or disclosing related information together in cohesive sections. Investor feedback at the *Financial Reporting Disclosure* Discussion Forum and from the related survey indicated that some investors want to be able to see how disclosures are related. They consider that financial statements are currently disjointed, making it difficult to connect relevant information.
- BC17 The IASB considered the use of the word 'normally' in paragraph 114 of IAS 1 and concluded that it was not intended that entities be required to disclose their notes in the order listed in paragraph 114 of IAS 1. Instead, it thinks that the order listed in paragraph 114 of IAS 1 was intended to provide an example of how an entity could order the notes and that the term 'normal' was not meant to imply that alternative ordering of the notes is 'abnormal'. The IASB therefore proposes amendments that clarify that the order listed in paragraph 114 of IAS 1 is an example of how an entity could order the notes and to clarify that entities have flexibility when determining the order of the notes.
- BC18 The IASB also highlighted a number of advantages of entities ordering the notes in an entity-specific manner:
- (a) related disclosures can be disclosed together, thereby increasing the connectivity and linking in the financial statements. For example, the financial instrument accounting policy and the financial instrument notes can be disclosed together. The amendments to paragraphs 116–117 of IAS 1 have been proposed to make it clear that accounting policy disclosures can be combined with other notes.

- (b) more prominence can be given to the main transactions and events affecting an entity.
- (c) users of financial statements are provided with an insight into what management view as important to the entity.

BC19 The IASB also noted the requirement in paragraph 113 of IAS 1 for entities to, as far as practicable, present the notes in a systematic manner. In the IASB's view, this means that there must be a system or reason behind the ordering of the notes. For example, notes could be ordered by importance to the entity, by line item presented in the financial statements or a combination of both. The IASB proposes to amend paragraph 113 of IAS 1 to clarify that an entity should consider understandability and comparability of its financial statements when determining the order of the notes. The IASB acknowledges that there is a trade-off between understandability and comparability, ie varying the order of the notes to increase understandability could mean that comparability between entities is reduced. However, the IASB also thinks that the increased use of electronic versions of financial statements means that it is increasingly easy to search for, locate and compare information within the financial statements and between entities and there are fewer benefits now from having a prescriptive order for the notes.

### **Disclosure of accounting policies**

BC20 Paragraph 117 of IAS 1 requires significant accounting policies to be disclosed and gives guidance, along with paragraphs 118–124 of IAS 1, about what a significant accounting policy could be. That guidance includes, as examples of accounting policy disclosures, the income taxes accounting policy and the foreign currency accounting policy.

BC21 Some have indicated that the use of an income taxes accounting policy in paragraph 120 of IAS 1 as an example of a policy that users of financial statements would expect to be disclosed is not helpful. The IASB thinks that this is because most profit-making entities would be assumed to be subject to income taxes over some period during their corporate lives. Being liable to income taxes is therefore in the nature of operations for many entities and is unlikely to be entity-specific. It was therefore not clear, from the example, what aspect of the entity's operations would make a user of financial statements expect an accounting policy on income taxes to be disclosed. Consequently, the example does not illustrate why an accounting policy on income taxes is significant. It also thinks that the foreign currency accounting policy example in paragraph 120 of IAS 1 is unhelpful for the same reasons. Consequently, the IASB proposes to delete the whole of paragraph 120 because the income taxes and foreign currency examples are unhelpful and the remaining sentence does not appear to add any further guidance.

BC22 The IASB recognises that additional work needs to be undertaken with regard to what a significant accounting policy is and think that more clarity needs to be given in the guidance. That work on significant accounting policies will be undertaken as part of the materiality project in the Disclosure Initiative, on which work will be commencing in Quarter 2 of 2014.

## Transition and effective date

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- BC23 The IASB proposes that *Disclosure Initiative* (Proposed amendments to IAS 1) should be applied from its effective date with early application permitted. The IASB did not consider that additional transition provisions were necessary or beneficial.
- BC24 These amendments are intended to clarify existing requirements in IAS 1. They provide additional guidance to assist entities to apply judgement when meeting the presentation and disclosure requirements in IFRS. These amendments do not affect recognition and measurement. It is not proposed that these amendments should result in the reassessment of the judgements about presentation and disclosure made in periods prior to the application of these amendments.
- BC25 Paragraph 38 of IAS 1 requires an entity to present comparative information for all amounts reported in the current period financial statements and for narrative or descriptive information “if it is relevant to understanding the current period’s financial statements”. If an entity alters the order of the notes or the information disclosed compared to the previous year, it also adjusts the presentation and disclosure of comparative information to align with the current period presentation and disclosure. For that reason, IAS 1 already provides relief from having to disclose comparative information that is not considered relevant in the current period and requires comparative information for new amounts presented or disclosed in the current period.

## **[Draft] Proposed amendment to IAS 1 arising from the presentation of items of other comprehensive income arising from equity-accounted investments**

### **Introduction**

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In April 2013 the IFRS Interpretations Committee (the 'Interpretations Committee') received a request to clarify an issue in IAS 1 *Presentation of Financial Statements* related to the presentation of items of other comprehensive income of associates and joint ventures accounted for using the equity method. The submitter requested that the Interpretations Committee revise the presentation requirements in paragraph 82A of IAS 1 to clarify whether the share of items of other comprehensive income arising from equity method investments should be presented separately by nature, or in aggregate as a single line item (classified by whether or not the items will be reclassified (recycled) to profit or loss). This issue resulted from the amendments to IAS 1 that were issued in June 2011.

In July 2013 the Interpretations Committee discussed the issue and recommended that the IASB amend paragraph 82A and the accompanying Guidance on implementing IAS 1 to clarify that entities shall present the share of other comprehensive income of associates and joint ventures accounted for using the equity method:

- (a) by whether those items will or will not be subsequently reclassified to profit or loss (as intended in the 2011 amendments to IAS 1); and
- (b) presented in aggregate as a single line item within those classifications.

**[Draft] Proposed amendment to IAS 1 arising from the presentation of items of other comprehensive income arising from equity-accounted investments**

Paragraph 82A is amended. Deleted text is struck through and new text is underlined.

**Information to be presented in the other comprehensive income section**

- 82A The other comprehensive income section shall ~~present line items for amounts of other comprehensive income in the period, classified by nature (including share of the other comprehensive income of associates and joint ventures accounted for using the equity method) and grouped into those that, in accordance with other IFRSs~~ present line items for the amounts for the period of:
- (a) items of other comprehensive income (excluding amounts in (b)), classified by nature and grouped into those that, in accordance with other IFRSs:
    - (a)(i) will not be reclassified subsequently to profit or loss; and
    - (b)(ii) will be reclassified subsequently to profit or loss when specific conditions are met; and
  - (b) the share of the other comprehensive income of associates and joint ventures accounted for using the equity method, separated into the share of items that, in accordance with other IFRSs:
    - (i) will not be reclassified subsequently to profit or loss; and
    - (ii) will be reclassified subsequently to profit or loss when specific conditions are met.



**[Draft] Proposed amendment to the Guidance on implementing IAS 1 arising from the presentation of items of other comprehensive income arising from equity-accounted investments**

Guidance on implementing IAS 1 *Presentation of Financial Statements* is amended. Deleted text is struck through and new text is underlined.

**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 or loss 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)
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

*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 or loss by function)**  
**(in thousands of currency units)**

	20X7	20X6
<b>Other comprehensive income:</b>		
<b>Items that will not be reclassified to profit or loss:</b>		
Gains on property revaluation	933	3,367
Remeasurements of defined benefit pension plans	(667)	1,333
Share of gain (loss) on property revaluation <u>other comprehensive income</u> of associates <sup>(b)</sup>	400	(700)
Income tax relating to items that will not be reclassified <sup>(c)</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>(d)</sup>	5,334	10,667
Available-for-sale financial assets <sup>(d)</sup>	(24,000)	26,667
Cash flow hedges <sup>(d)</sup>	(667)	(4,000)
Income tax relating to items that may be reclassified <sup>(c)</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
Profit attributable to:		
Owners of the parent	97,000	52,400
Non-controlling interests	24,250	13,100
	121,250	65,500
Total comprehensive income attributable to:		
Owners of the parent	85,800	74,800
Non-controlling interests	21,450	18,700
	107,250	93,500
Earnings per share (in currency units):		
Basic and diluted	0.46	0.30

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**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 or loss by function)**  
**(in thousands of currency units)**

	20X7	20X6
Alternatively, items 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
Remeasurements of defined benefit pension plans	(500)	1,000
Share of <del>gain (loss) on property revaluation</del> <u>other comprehensive income</u> of associates	400	(700)
	<hr/> 500	<hr/> 3,000
<b>Items that may be reclassified subsequently to profit or loss:</b>		
Exchange differences on translating foreign operations	4,000	8,000
Available-for-sale financial assets	(18,000)	20,000
Cash flow hedges	(500)	(3,000)
	<hr/> (14,500)	<hr/> 25,000
<b>Other comprehensive income for the year, net of tax<sup>(c)</sup></b>	<b>(14,000)</b>	<b>28,000</b>
	<hr/> <hr/>	<hr/> <hr/>

- (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 means the share of associates' ~~gain (loss) on property revaluation~~ other comprehensive income attributable to owners of the associates, ie it is after tax and non-controlling interests in the associates. This example assumes that the share of associates' other comprehensive income relates only to property revaluation (hence, the classification in the statement of changes in equity). Entities, whose associates have recognised other items of other comprehensive income, are required by paragraph 82A (b) to present their share of the associates' other comprehensive income as two line items: those items that will not be reclassified subsequently to profit or loss and those items that will be reclassified subsequently to profit or loss when certain conditions are met.
- (c) The income tax relating to each item of other comprehensive income is disclosed in the notes.
- (d) 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.

...

**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
Remeasurements of defined benefit pension plans	(667)	1,333
Share of <del>gain (loss) on property revaluation</del> <u>other comprehensive income</u> of associates <sup>(a)</sup>	400	(700)
Income tax relating to items that will not be reclassified <sup>(b)</sup>	(166)	(1,000)
	500	3,000
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Cash flow hedges	(667)	(4,000)
Income tax relating to items that may be reclassified <sup>(b)</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
Total comprehensive income attributable to:		
Owners of the parent	85,800	74,800
Non-controlling interests	21,450	18,700
	107,250	93,500

Alternatively, items of 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.

(a) This means the share of associates' ~~gain (loss) on property revaluation~~ other comprehensive income attributable to owners of the associates, ie it is after tax and non-controlling interests in the associates. This example assumes that the share of associates' other comprehensive income relates only to property revaluation (hence, the classification in the statement of changes in equity). Entities, whose associates have recognised other items of other comprehensive income, are required by paragraph 82A (b) to present their share of the associates' other comprehensive income as two line items; those items that will not be reclassified subsequently to profit or loss and those items that will be reclassified subsequently to profit or loss when certain conditions are met.

(b) The income tax relating to each item of other comprehensive income is disclosed in the notes.

...

**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 or loss by function)**  
**(in thousands of currency units)**

	<b>20X7</b>	<b>20X6</b>
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Distribution costs	(9,000)	(8,700)
Administrative expenses	(20,000)	(21,000)
Other expenses	(2,100)	(1,200)
Finance costs	(8,000)	(7,500)
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<b>Profit before tax</b>	161,667	128,000
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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
Investments in equity instruments	(24,000)	26,667
Remeasurements of defined benefit pension plans	(667)	1,333
Share of <del>gain (loss) on property revaluation</del> <u>other comprehensive income</u> of associates <sup>(b)</sup>	400	(700)
Income tax relating to items that will not be reclassified <sup>(c)</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>(d)</sup>	5,334	10,667
Cash flow hedges <sup>(d)</sup>	(667)	(4,000)
Income tax relating to items that may be reclassified <sup>(c)</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 or loss 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, items 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
Investments in equity instruments	(18,000)	20,000
Remeasurements of defined benefit pension plans	(500)	1,000
Share of gain (loss) on property revaluation <u>other comprehensive income</u> of associates	400	(700)
	<u>(17,500)</u>	<u>23,000</u>
		<i>continued...</i>

...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 or loss by function)**  
**(in thousands of currency units)**

	20X7	20X6
<b>Items that may be reclassified subsequently to profit or loss:</b>		
Exchange differences on translating foreign operations	4,000	8,000
Cash flow hedges	(500)	(3,000)
	3,500	5,000
<b>Other comprehensive income for the year, net of tax<sup>(c)</sup></b>	<b>(14,000)</b>	<b>28,000</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 means the share of associates' ~~gain (loss) on property revaluation~~ other comprehensive income attributable to owners of the associates, ie it is after tax and non-controlling interests in the associates. This example assumes that the share of associates' other comprehensive income relates only to property revaluation (hence, the classification in the statement of changes in equity). Entities, whose associates have recognised other items of other comprehensive income, are required by paragraph 82A (b) to present their share of the associates' other comprehensive income as two line items: those items that will not be reclassified subsequently to profit or loss and those items that will be reclassified subsequently to profit or loss when certain conditions are met.
- (c) The income tax relating to each item of other comprehensive income is disclosed in the notes.
- (d) 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.

...

**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
Investments in equity instruments	(24,000)	26,667
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Share of <del>gain (loss) on property revaluation</del> <u>other comprehensive income</u> of associates <sup>(a)</sup>	400	(700)
Income tax relating to items that will not be reclassified <sup>(b)</sup>	5,834	(7,667)
	<u>(17,500)</u>	<u>23,000</u>
<b>Items that may be reclassified subsequently to profit or loss:</b>		
Exchange differences on translating foreign operations	5,334	10,667
Cash flow hedges	(667)	(4,000)
Income tax relating to items that may be reclassified <sup>(b)</sup>	(1,167)	(1,667)
	<u>3,500</u>	<u>5,000</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>107,250</u>	<u>93,500</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>

Alternatively, items of 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.

(a) This means the share of associates' ~~gain (loss) on property revaluation~~ other comprehensive income attributable to owners of the associates, ie it is after tax and non-controlling interests in the associates. This example assumes that the share of associates' other comprehensive income relates only to property revaluation (hence, the classification in the statement of changes in equity). Entities, whose associates have recognised other items of other comprehensive income, are required by paragraph 82A (b) to present their share of the associates' other comprehensive income as two line items; those items that will not be reclassified subsequently to profit or loss and those items that will be reclassified subsequently to profit or loss when certain conditions are met.

(b) The income tax relating to each item of other comprehensive income is disclosed in the notes.



## **Basis for Conclusions on the [Draft] Proposed amendments to IAS 1 arising from the presentation of items of other comprehensive income arising from equity-accounted investments**

*This Basis for Conclusions accompanies, but is not part of, the proposed amendments.*

- BC1 The IFRS Interpretations Committee (the 'Interpretations Committee') reported to the IASB that there was uncertainty about the requirements in paragraph 82A of IAS 1 *Presentation of Financial Statements* for presenting an entity's share of items of other comprehensive income of associates and joint ventures accounted for using the equity method. In particular, questions were raised about whether the IASB intended in its June 2011 amendments to IAS 1 to require the presentation of the share of other comprehensive income arising from equity method investments separately by nature, or in aggregate as a single line item. It was observed that practice differed in that:
- (a) some were of the view that the share of other comprehensive income arising from equity-accounted investments is different in nature from other items of other comprehensive income of the reporting entity, and should be presented in aggregate as a single line item;
  - (b) some were of the view that the share of other comprehensive income of equity-accounted investments should be presented in separate line items by nature; and
  - (c) others were of the view that the share of other comprehensive income of equity-accounted investments should be included within items of the same nature of the reporting entity's own other comprehensive income.
- BC2 The IASB noted that the requirement in the 2011 amendments to IAS 1 to classify items of other comprehensive income, including the share of other comprehensive income of associates and joint ventures accounted for using the equity method, by whether or not the items will be reclassified (recycled) to profit or loss was clear. This decision was confirmed in June 2011 and documented in the Basis for Conclusions on IAS 1.
- BC3 The IASB did not, however, intend to change the scope of the requirement for classifying components of other comprehensive income by nature. Prior to the June 2011 amendments, the share of other comprehensive income of associates and joint ventures accounted for using the equity method had been excluded from the scope of that requirement. The IASB agreed that paragraph 82A of IAS 1 allowed for diverse interpretations, and agreed that amendments should be proposed to clarify that the share of other comprehensive income of associates and joint ventures accounted for using the equity method should be presented as two line items; those items that will not be reclassified subsequently to profit or loss and those items that will be reclassified subsequently to profit or loss when specific conditions are met. The IASB noted that this presentation is consistent with the presentation requirement for an entity's share of the profit or loss of associates and joint ventures accounted for using the equity method.

- BC4 The IASB noted that the presentation of items of other comprehensive income of associates and joint ventures by nature could provide useful information in some situations. However, the IASB observed that the disclosure requirements in paragraph 20 of IFRS 12 *Disclosure of Interests in Other Entities* would capture such situations. As a result, no additional disclosures were proposed.
- BC5 Consequently, the IASB proposes to amend IAS 1 as follows:
- (a) clarify that paragraph 82A of IAS 1 requires entities to present the share of other comprehensive income of associates and joint ventures accounted for using the equity method:
    - (i) by whether those items will (when specific conditions are met) or will not be subsequently reclassified to profit or loss; and
    - (ii) presented in aggregate as a single line item within each of those classifications.
  - (b) amend the Guidance of implementing IAS 1 to reflect the clarification of paragraph 82A of IAS 1.

### **Transition and effective date**

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- BC6 The transition requirements and effective date for the amendment to paragraph 82A of IAS 1 are reflected in the transition and effective date section of the Disclosure Initiative amendment in this Exposure Draft.