

## *IASB ED Presentation of Items of Other Comprehensive Income (Proposed amendments to IAS 1)*

### **Question 1 – Statement of profit or loss and other comprehensive income (title)**

The Board proposes to change the title of the statement of comprehensive income to “Statement of profit or loss and other comprehensive income” when referred to in IFRSs and its other publications. Do you agree? Why or why not? What alternative do you propose?

We agree with EFRAG that the presentation of Profit or Loss and Other Comprehensive Income (OCI) in one single statement would not improve the quality of financial reporting, because:

- There is a lack of a conceptual basis for OCI;
- Items in OCI are different from items in Profit and Loss

So, in our opinion, if these two kinds of income are presented in one single statement it will be more confusing for users.

However, if an entity chooses to present performance in a single statement, than the title could be adjusted as it is proposed.

### **Question 2 – Statement of profit or loss and other comprehensive income (single statement)**

The proposals would require entities to present a statement of profit or loss and other comprehensive income with two sections - profit or loss and items of other comprehensive income. The Board believes this will provide more consistency in presentation and make financial statements more comparable?

Do you agree? Why or why not? What alternative do you propose?

We completely agree with EFRAG as to the fact that the requirement of one single statement mixing Profit and Loss with Other Comprehensive Income will not result in any improvement of the current financial reporting, because:

- There has not been a debate about the content of performance statement, about the allocation of items to the income statement or to other comprehensive income and about the notion of recycling;

- We think that the distinction between Profit and Loss and OCI items is much clearer if they are presented in two separate statements.

**Question 3 – Presentation of other comprehensive income (disaggregation)**

The exposure draft proposes to require entities to present items of other comprehensive income (OCI) that will be reclassified to profit or loss (recycled) in subsequent periods upon derecognition separately from items of OCI that will not be reclassified to profit or loss.

Do you support this approach? Why or why not? What alternative do you propose, and why?

We are in favor of the disaggregation of items of OCI that are reclassified to Profit and Loss (recyclable) from those that are not reclassified to Profit and Loss (non-recyclable).

**Question 4 – Presentation of other comprehensive income (income tax)**

The exposure draft also proposes to require that income tax on items presented in OCI should be allocated between the items that might be subsequently reclassified to profit or loss and those that will not be reclassified subsequently to profit or loss, if the items in OCI are presented before tax.

Do you support this proposal? Why or why not? What alternative do you propose and why?

We agree with EFRAG's response.

#### Question 5 – Benefits and costs

In the Board's assessment:

- (a) The main benefits of the proposals are:
  - (i) Presenting all non-owner change to equity in the same statement.
  - (ii) Improving comparability by eliminating options currently in IAS 1.
  - (iii) Maintaining a clear distinction between profit or loss and items of other comprehensive income.
  - (iv) Improving clarity of items presented in OCI by requiring them to be classified into items that might be reclassified subsequently to profit or loss and items that will not be reclassified subsequently to profit or loss.
- (b) The costs of the proposals should be minimal because in applying the existing version of IAS 1, entities must have all the information required to apply the proposed amendments.

Do you agree with the Board's assessment? Why or why not?

According to our answer to Question 1 we do not think that one single statement containing Profit and Loss and OCI will have the benefits that are referred by IASB.

Lisbon, 10<sup>th</sup> September 2010