

Technical Accounting Alert

Amendments to IAS 1

Introduction

The purpose of this alert is to provide a brief summary of the changes to be made to IAS 1 through the recently published *Presentation of Items of Other Comprehensive Income* (Amendments to IAS 1).

Relevant Australian Standards

References in this TA alert are made to standards issued by the International Accounting Standards Board. The Australian equivalent to each standard included in this alert is shown below:

International Standard reference	Australian equivalent standard
IAS 1 Presentation of Financial Statements	AASB 101 Presentation of Financial Statements

Changes made by the Amendments to IAS 1

The IASB has published *Presentation of Items of Other Comprehensive Income* (Amendments to IAS 1).

The Amendments to IAS 1 do not address which items are presented in other comprehensive income (OCI) but do change the structure of their presentation.

The main change is a requirement for entities to group items presented in OCI **into those that, in accordance with other IFRSs:**

- (a) will not be reclassified subsequently to profit or loss
- (b) will be reclassified subsequently to profit or loss when specific conditions are met.

See the appendix to this Alert for an example of this grouping.

There is no change to the existing option to present items of OCI either before tax or net of tax.

However, if the items are presented before tax then the Amendments require the tax related to each of the two groups of OCI items noted above to be shown separately.

The Amendments to IAS 1 reaffirm existing requirements that items in OCI and profit or loss should be presented as either a single statement or two consecutive statements.

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Effective date

The Amendments to IAS 1 shall be applied for annual periods beginning on or after 1 July 2012. Earlier application is permitted.

Grant Thornton comment

The Amendments should help provide readers with a clearer picture of items presented within OCI. The US Financial Accounting Standards Board has also made a change to its requirements, so the Amendments will have the further benefit of aligning US GAAP and IFRS more closely.

Appendix - Example of disclosures now required:

	\$	\$
Other comprehensive income:		
Items that will not be reclassified to profit or loss:		
Gains on property revaluation	933	3,367
Actuarial gains (losses) on defined benefit pension plans	(667)	1,333
Share of gain (loss) on property revaluation of associates	400	(700)
Income tax relating to items not reclassified	(166)	(1,000)
	500	3,000
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translating foreign operations	5,334	10,667
Investments in equity instruments	(24,000)	26,667
Cash flow hedges	(667)	(4,000)
Income tax relating to items that may be reclassified (a)	4,833	(8,334)
	(14,500)	25,000
Other comprehensive income for the year, net of tax	(14,000)	28,000
(a) The income tax relating to each item of other comprehensive income is disclosed in the notes, grouped into the same categories.		

Further information

For further information on any of the information included in this TA alert, please contact your local Grant Thornton Australia contact or a member of the National Audit Support team at NAS@grantthornton.com.au