
Project	IAS 1 <i>Presentation of Financial Statements</i>
Topic	Comparative Information

Introduction

Objective

1. At the September 2010 meeting, the staff requests the IFRS Interpretations Committee to approve the proposed amendment to IAS 1 *Presentation of Financial Statements* (as revised in 2007) based on the *Financial Statement Presentation project* (FSP) staff draft proposals ([FSP staff draft](#))¹ related to comparative information. In May 2010 the Committee reviewed the Board decisions reached during the March 2010 Board meeting that were incorporated into the FSP staff draft. This proposed amendment will be included in the omnibus exposure draft of proposed *Improvements to IFRSs* expected to be published in Q4 2010.

Background

2. The [March 2010 Committee Agenda Paper 6D](#)² analysed issues in IAS 1 (revised 2007) related to the requirements for comparative information when an entity provides individual financial statements beyond the minimum comparative information requirements. Additionally, the [11 March 2010 Board](#)

¹ The link is:

<http://www.ifrs.org/Current+Projects/IASB+Projects/Financial+Statement+Presentation/Phase+B/Staff+draft+of+proposed+standard.htm>

² Observer Note available at <http://www.iasb.org/NR/rdonlyres/6CBB67C9-6E63-4A7E-B560-BFEC2491E8BD/0/1003ap6DobsIFRICIAS1ComparativeInformation.pdf>

This paper has been prepared by the technical staff of the IFRS Foundation for discussion at a public meeting of the IFRIC.

The views expressed in this paper are those of the staff preparing the paper. They do not purport to represent the views of any individual members of the IFRS Interpretations Committee or the IASB. Comments made in relation to the application of an IFRS do not purport to be acceptable or unacceptable application of that IFRS—only the IFRS Interpretations Committee or the IASB can make such a determination.

Decisions made by the IFRS Interpretations Committee are reported in *IFRIC Update*.

Interpretations are published only after the IFRS Interpretations Committee and the Board have each completed their full due process, including appropriate public consultation and formal voting procedures. The approval of an Interpretation by the Board is reported in *IASB Update*.

[Agenda Paper 4](#)³ provided the Board an analysis of these issues in the context of the FSP project.

3. At the May 2010 meeting (see the [May 2010 IFRIC Agenda paper 6](#))⁴, the Committee reviewed and agreed with the Board tentative decisions reached during the March 2010 Board meeting that were incorporated into the [FSP staff draft](#)⁵ published in July 2010 (now available on the IASB's website).
4. The [March 2010 IASB Update](#)⁶ provides the following summary regarding the Board's tentative decisions:

Both boards had previously decided that a complete set of financial statements includes statements of financial position, comprehensive income, cash flows, and changes in equity, as well as the accompanying notes. An entity is required to present a complete set of financial statements for the current period and for one comparative period. In addition, when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements, it is required to present a statement of financial position as at the beginning of the *earliest comparative period* (an opening statement of financial position).

The boards decided that the exposure draft should clarify these requirements as follows:

- only one comparative period is required for a complete set of financial statements. Presenting one or more financial statements for additional comparative periods is acceptable, provided it is not misleading. That is, any additional financial statement presented must be prepared in accordance with current IFRSs/US GAAP and must be presented with the same prominence as the required financial statements.
- an opening statement of financial position for that one comparative period is the only additional statement that an entity is required to present to be in compliance with

³ Observer Note available at <http://www.ifrs.org/NR/ronlyres/B61FB4E2-A5D9-46F7-B9AA-286964D6D2CA/0/FSP110310b04obs.pdf>

⁴ Observer Note available at <http://www.ifrs.org/NR/ronlyres/9E0EDB77-97DF-4D12-B5DC-AC5AB8816A39/0/1005ap6obsAIPIAS1ComparativeInformationmjk21apr2010.pdf>

⁵ The link is:

<http://www.ifrs.org/Current+Projects/IASB+Projects/Financial+Statement+Presentation/Phase+B/Staff+draft+of+proposed+standard.htm>

⁶ The link is: <http://www.ifrs.org/NR/ronlyres/2EDBF81D-6FA7-4EB3-A4B3-0315C2C25E86/0/11MarchjointmeetingPDF.pdf>

IFRSs/US GAAP when there is a change in accounting policy, restatement or reclassification. On a separate issue, the boards decided that the exposure draft should clarify that if an item of other comprehensive income relates to, or will relate to, a discontinued operation, it should be identified and presented as such on the statement of comprehensive income.

Proposed amendment to IAS 1

5. Paragraphs 38–44 in IAS 1 (revised 2007) set the requirements for providing comparative information. Consistent with the FSP staff draft proposals, the staff recommends the following amendments to IAS 1 (revised 2007):
 - (a) amend paragraph 10 to clarify that required comparative information in paragraphs 38–40 is part of a complete set of financial statements, and
 - (b) amend and rearrange paragraphs 38–41 to set minimum requirements for comparative information. The staff also recommends splitting paragraph 39 into further explanatory paragraphs to clarify the requirements for comparative information when there is a change in an accounting policy, a retrospective restatement or a reclassification (see proposed paragraphs 39A–39B and 40A– 40B).
6. **Appendix A** provides a draft of the proposed amendment to IAS 1 (revised 2007).
7. At its May 2010 meeting, the staff confirmed with the Committee that the proposed amendment to IAS 1 (revised 2007) meet the criteria for *Annual Improvements*.

Question for the Committee

8. The staff request the Committee to address the following question:

Question 1 – Proposed amendment to IAS 1

Does the Committee support the staff proposed amendment to IAS 1 (revised 2007) that are based on the financial statement presentation staff draft proposals?

Appendix A – Drafting of the proposed amendment to IAS 1 (revised 2007)

A1. The proposed amendment to IAS 1 (revised 2007) is shown below.

Proposed amendment to IAS 1 *Presentation of Financial Statements*

Introduction

The Board proposes the following amendment to IAS 1 *Presentation of Financial Statements*.

Clarification of requirements for comparative information

The Board proposes to amend IAS 1 (revised 2007) to clarify the requirements for providing comparative information when an entity provides individual financial statements beyond the minimum comparative information requirements.

Paragraphs 10, 38, 40 and 41 are amended (new text is underlined and deleted text is struck through). Paragraph 39 is deleted. Paragraphs 39A, 39B, 40A and 40B are added.

Complete set of financial statements

10 A complete set of financial statements comprises:

- (a) a statement of financial position as at the end of the period;
- (b) a statement of comprehensive income for the period;
- (c) a statement of changes in equity for the period;
- (d) a statement of cash flows for the period;
- (e) notes, comprising a summary of significant accounting policies and other explanatory information; ~~and~~
- (f) comparative information as required by paragraphs 38–40; and
- ~~(g)(f)~~ a statement of financial position as at the beginning of the earliest required comparative period if applicable (see paragraph 40A), ~~when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements.~~

An entity may use titles for the statements other than those used in this standard. [Based on paragraph 9 in the FSP staff draft]

Comparative information

38 Except when IFRSs permit or require otherwise, an entity shall ~~disclose~~ present comparative information in respect of the previous period (the required comparative period) for all ~~amounts reported~~ line items presented in the current period's financial statements. An entity shall include comparative information for narrative and descriptive information ~~when~~ if it is relevant to ~~an understanding of~~ the current period's financial statements. [Based on paragraph 33 in the FSP staff draft]

39 ~~[Deleted] An entity disclosing comparative information shall present, as a minimum, two statements of financial position, two of each of the other statements, and related notes. When an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements or when it reclassifies items in its financial statements, it shall present, as a minimum, three statements of financial position, two of each of the other statements, and related notes. An entity presents statements of financial position as at:~~

- ~~(a) — the end of the current period;~~
- ~~(b) — the end of the previous period (which is the same as the beginning of the current period), and~~
- ~~(c) — the beginning of the earliest comparative period.~~

39A An entity shall present, as a minimum, two statements of financial position, comprehensive income, cash flows and changes in equity, and related notes. [Based on paragraph 35 in the FSP staff draft and IAS 1.39]

~~39B An entity may present additional comparative information for periods prior to the required comparative period as long as that information is prepared in accordance with IFRSs. An entity may present additional comparative information in one or more statements without presenting additional comparative information in other statements. For example, an entity presents amounts for three periods (the current period, the required comparative period and one additional comparative period) in its statement of comprehensive income. The entity is not required to present amounts for that third (additional~~

comparative) period in its statements of financial position, cash flows and changes in equity. However, the entity shall present additional comparative information in the notes to financial statements related to that additional statement of comprehensive income. [Based on paragraph 36 in the FSP staff draft and IAS 1.39]

- 39 In some cases, narrative information provided in the financial statements for the ~~previous period(s)~~ required comparative period continues to be relevant in the current period. For example, an entity discloses in the current period details of a legal dispute whose outcome was uncertain at the end of the ~~immediately preceding reporting period~~ required comparative period and that is yet to be resolved. Users benefit from the information that the uncertainty existed at the end of the ~~immediately preceding reporting period~~, required comparative period and also from information about the steps that have been taken during the period to resolve the uncertainty. [Based on paragraph 34 in the FSP staff draft]

Change in accounting policy, retrospective restatement or reclassification

- 40A An entity shall present an additional statement of financial position as at the beginning of the required comparative period if it applies an accounting principle retrospectively, restates its financial statements or reclassifies items in its financial statements.** [Based on paragraph 37 in the FSP staff draft and IAS 1.39]

- 40B In those circumstances an entity shall present, as a minimum, three statements of financial position and two of each of the other statements and related notes (except related note disclosures for the opening statement of financial position). An entity presents statements of financial position as at:

- (a) the end of the current period;
- (b) the end of the required comparative period; and
- (c) the beginning of the required comparative period.

The date of that opening statement of financial position shall be as at the beginning of the required comparative period regardless of whether an entity's financial statements present comparative information for earlier periods (as

discussed in paragraph 39B). [Based on paragraph 38 in the FSP staff draft and IAS 1.39]

41 ~~When the~~ **If an** entity changes the presentation or classification of items in its financial statements, ~~the entity~~ **it** shall reclassify comparative amounts unless reclassification is impracticable. When ~~the~~ **an** entity reclassifies comparative amounts, ~~the entity~~ **it** shall disclose **as at the beginning of the required comparative period:**

- (a) the nature of the reclassification;
- (b) the amount of each item or class of items that is reclassified; and
- (c) the reason for the reclassification. [Based on paragraph 39 in the FSP staff draft]

Basis for Conclusions on proposed amendment to IAS 1 *Presentation of Financial Statements*

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

Clarification of requirements for comparative information

BC1 The Board was asked to clarify the requirements for providing comparative information and specifically to consider whether an entity should be required to present a complete set of financial statements when an entity provides individual financial statements beyond the minimum comparative information requirements (ie for more than two periods). In March 2010, the Board proposed that additional financial statement information need not be presented in the form of a complete set of financial statements for periods beyond the minimum requirements because the information would be presented voluntarily. The Board also proposed that paragraphs 38–41 in IAS 1 (revised 2007) be amended to further clarify the requirements for providing comparative information. [Based on paragraph BC56 in the FSP staff draft]