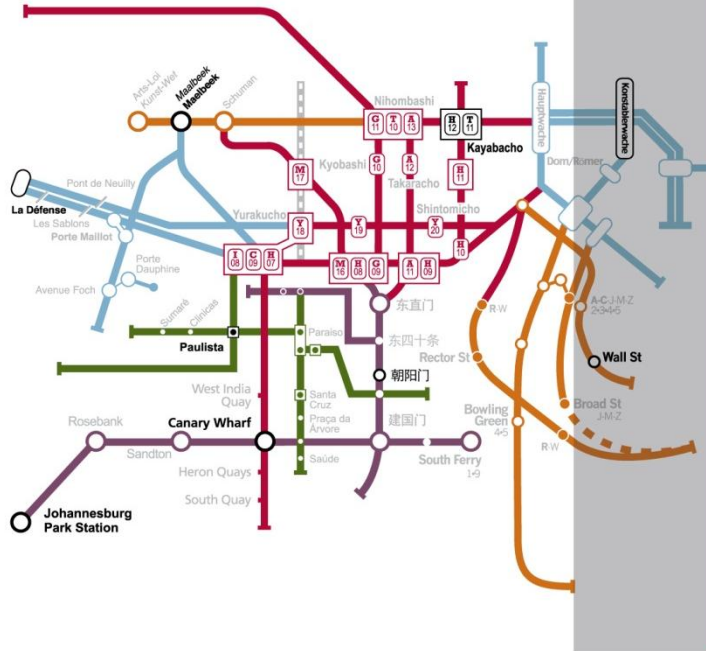


International Financial Reporting Standards



Conceptual Framework: Profit or loss, OCI and recycling

GPF and CMAC joint meeting
Agenda Paper 3

The views expressed in this presentation are those of the presenter, not necessarily those of the IASB or IFRS Foundation.

Objective of session

- Discuss:
 - What attributes distinguish profit or loss & OCI?
 - Recycling (always, sometimes or never?)Please consider how best to make financial information more useful for decision-making (meet the objective of financial reporting)?
- Please use Table 1 in Agenda paper 3A during your break-out sessions

What is the problem?

- Currently
 - No guidance on presentation in the *Conceptual Framework*, including the statement of comprehensive income
 - Profit or loss required as a sub-total or total
 - OCI items defined within individual IFRS
 - Use OCI when explicitly permitted or required
- Agenda consultation 2011
 - Lack of clarity on the role of profit or loss and OCI
 - OCI perceived as a ‘dumping ground’ for controversial issues
 - No guidance on if/when OCI items should be reclassified into profit or loss (recycled)

Items presented in OCI now (Table 1)

	IFRSs* or proposed IFRSs	Recognised asset or liability	Remeasurement gains or losses in OCI	Recycle to profit or loss
1	IFRS 9 – 2012 ED	Financial assets measured at fair value through OCI	Changes in discount rate	Yes - on impairment, disposal or reclassification of asset
2	Insurance contracts project	Insurance contracts	Changes in discount rate	Yes – on transfer of contract to another party
3	IFRS 9	Financial liabilities designated at fair value through profit/loss	Change in fair value due to issuer's own credit risk	No
4	IAS 16, IAS 38, IFRS 6	Property, plant & equipment, intangible assets, exploration & evaluation assets	Revaluation gain or reversals	No

* Not included: equity method treatment in IAS 28 and remeasurement of gains/losses in IAS 39

Items presented in OCI now (Table 1) continued

	IFRSs* or proposed IFRSs	Recognised asset or liability	Remeasurement gains or losses in OCI	Recycle to profit or loss
5	IAS 21	Net investment in foreign operations (and hedges)	Exchange differences	Yes – on disposal of the foreign operation
6	IAS 19	Pensions – net defined benefit assets or liabilities	Remeasurement	No
7	IFRS 9	Designated investments in equity instruments	Change in fair value	No
8	IAS 39	Cash-flow hedging instruments	Effective portion of changes in fair value	Yes – on P&L recognition of income/expense from hedged item

* Not included: equity method treatment in IAS 28 and remeasurement of gains/losses in IAS 39

- Preliminary views on presentation in the statement of comprehensive income
 - Retain profit/loss as a sub-total or total
 - Describe OCI (profit/loss treated as default)
 - Only applies for remeasurements
- Recycling (by type of OCI item):
 - All
 - Some
 - None (little IASB support)
- Should recycling inform the decision to present in OCI?

Question 1

From slides 4 & 5 (Table 1 in AP3A), how would you present the remeasurement gain or loss – in profit or loss or OCI? Why?

Some of these attributes may be helpful in your explanation.

- Unrealised
- Non-recurring
- Non-operating
- Measurement uncertainty
- Long-term
- Outside management control

Question 2

- A.** For the types of items described in Table 1, should:
- All be recycled?
 - Some recycled? Which ones?
 - None recycled?
- Why?
- B.** If you think all or some types of items should be recycled, on what basis (ie when) do you think they should be recycled?

Thank you



Expressions of individual views by members of the IASB and its staff are encouraged.

The views expressed in this presentation are those of the presenter. Official positions of the IASB on accounting matters are determined only after extensive due process and deliberation.