

International Financial Reporting Standards

Joint CMAC-GPF meeting, June 2014
Agenda paper 2C

Profit or loss and other comprehensive income

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

- Introduction
- Staff's proposed approach to profit or loss and other comprehensive income (OCI)
 - IASB discussion in June 2014
- Discussion questions for GPF/CMAC break out sessions

The issue

- Including income and expense in P&L or OCI affects performance indicators
- Investors tend to focus on P&L and ignore OCI
- No single conceptual basis for the use of P&L vs OCI and recycling
- Top priority topic in 2011 Agenda Consultation

Discussion Paper

Require P&L as a total or subtotal

Describe the types of items that could be included in OCI

Recycle in some or all cases

Feedback

Support the proposal
Define P&L or define performance

Support the use of OCI
Proposed categories not helpful

Support recycling
Mixed views on what & when to recycle

Approaches considered

- Initiate research project on performance reporting.
- Provide only high level principles in the Conceptual Framework. OCI is seen as an exception.
- Proceed with the proposals in the Discussion Paper.

The IASB's tentative decision

- Emphasise the role of P&L as the primary source of information about an entity's performance for the period;
- Provide high level guidance for the IASB on the use of OCI.

Staff's proposed approach – June 2014

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P&L

- P&L is the primary source of information about performance
- Require profit or loss as a total or subtotal
- Rebuttable presumption that income and expenses are included in P&L

OCI

- Use OCI if that enhances the relevance of P&L for the period
- Eg different measurement bases for P&L and balance sheet
- Particular types of items can't be included in OCI eg impairment

Recycling

- Rebuttable presumption that items included in OCI are recycled
- Recycling occurs when that enhances relevance of P&L
- Can be rebutted eg when no clear basis for recycling

Discussion questions

1. Do you agree with the rebuttable presumption that income and expense should be included in P&L? Why or why not?
2. Do you agree with the use of OCI when one measurement basis is appropriate for P&L and a different basis for balance sheet? Why or why not?
3. Do you agree that the presumption cannot be rebutted for particular types of income and expense? Do you agree with the types of items proposed by the staff? Why or why not?
4. Do you agree with the rebuttable presumption on recycling? Why or why not?

Thank you

