

Explanatory Statement

Accounting Standard AASB 2011- 9 *Amendments to Australian Accounting Standards— Presentation of Items of Other Comprehensive Income*

September 2011



Australian Government

**Australian Accounting
Standards Board**

EXPLANATORY STATEMENT

Standards Amended by AASB 2011-9

The Standard makes amendments to the following Australian Accounting Standards and Interpretations:

1. AASB 1 *First-time Adoption of Australian Accounting Standards*
2. AASB 5 *Non-current Assets Held for Sale and Discontinued Operations*
3. AASB 7 *Financial Instruments: Disclosures*
4. AASB 101 *Presentation of Financial Statements*
5. AASB 112 *Income Taxes*
6. AASB 120 *Accounting for Government Grants and Disclosure of Government Assistance*
7. AASB 121 *The Effects of Changes in Foreign Exchange Rates*
8. AASB 132 *Financial Instruments: Presentation*
9. AASB 133 *Earnings per Share*
10. AASB 134 *Interim Financial Reporting*
11. AASB 1039 *Concise Financial Reports*
12. AASB 1049 *Whole of Government and General Government Sector Financial Reporting*.

These amendments arise from the issuance of the IASB Standard *Presentation of Items of Other Comprehensive Income* (Amendments to IAS 1) in June 2011.

Main Features of AASB 2011-9

Main Requirements

The main change resulting from the amendments is a requirement for entities to group items presented in other comprehensive income (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently

(reclassification adjustments). These amendments do not remove the option to present profit or loss and other comprehensive income in two statements.

The amendments do not change the option to present items of OCI either before tax or net of tax. However, if the items are presented before tax then the tax related to each of the two groups of OCI items (those that might be reclassified to profit or loss and those that will not be reclassified) must be shown separately.

Application Date

AASB 2011-9 applies to annual reporting periods beginning on or after 1 July 2012. Early adoption is permitted for annual reporting periods beginning on or after 1 January 2005 but before 1 July 2012.

Consultation Prior to Issuing AASB 2011-9

The AASB issued Exposure Draft ED197 *Presentation of Items of Other Comprehensive Income (proposed amendments to AASB 101)* in June 2010. ED 197 reproduced the proposals included in the IASB's Exposure Draft ED/2010/5 *Presentation of Items of Other Comprehensive Income (proposed amendments to IAS 1)* (May 2010) without amendment.

The Exposure Draft proposed improvements to the presentation of items of other comprehensive income.

The AASB received eight submissions from Australian constituents on the Exposure Draft. Submissions received were generally supportive and were used as input into the AASB's submission to the IASB. The IASB considered the comments it received in finalising the amendments to IAS 1 that are incorporated into AASB 2011-9.

A Regulation Impact Statement has not been prepared in connection with the issuance of AASB 2011-9 as the amendments made do not have a substantial direct or indirect impact on business or competition.