

IFRS Briefing Sheet

Revised standard *IAS 1 Presentation of Financial Statements*

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This IFRS Briefing Sheet summarises the International Accounting Standards Board's (IASB) revised standard *IAS 1 Presentation of Financial Statements*, which was published on 6 September 2007. The revised standard supersedes the 2003 version of *IAS 1 Presentation of Financial Statements* as amended in 2005.

The revised standard introduces as a financial statement (formerly "primary" statement) the "statement of comprehensive income". The revised standard does not change the recognition, measurement or disclosure of transactions and events that are required by other IFRSs.

Main Change – Statement of Comprehensive Income

The revised standard introduces "total comprehensive income" (i.e., changes in equity during a period, other than those changes resulting from transactions with owners in their capacity as owners), which is presented either in:

- one statement (i.e., a statement of comprehensive income); or
- two statements (i.e., an income statement and a statement beginning with profit or loss and displaying components of other comprehensive income).

The statement of comprehensive income requirement in the revised standard represents a change from the current IAS 1 requirement to present an income statement and a statement of changes in equity showing either all changes in equity or changes in equity other than those arising from transactions with equity holders acting in their capacity as equity holders (a statement of recognised income and expense).

Background

The revised standard is a result of phase A of the IASB's financial statement presentation project. The objective of the financial statement presentation project is to enhance the usefulness of information presented in a complete set of financial statements by addressing presentation and display issues.

Phase B of the project will be undertaken jointly with the U.S. Financial Accounting Standards Board and will focus on more detailed issues related to the presentation of information on the face of financial statements, including required totals and subtotals.

A supplement to KPMG's publication IFRS in Brief

The revised standard implementation guidance gives examples of how to present total comprehensive income in one or two statements.

The revised standard also prohibits presenting components of comprehensive income in the statement of changes in equity.

Other Changes

Other requirements in the revised standard that are not current IAS 1 requirements are as follows:

- a statement of financial position (formerly "balance sheet") is required at the beginning of

the earliest comparative period following a change in accounting policy, the correction of an error or the reclassification of items in the financial statements

- reclassification adjustments to profit or loss of amounts previously recognised in other comprehensive income (formerly "recycling") are disclosed for each component of other comprehensive income
- income tax is disclosed for each component of other comprehensive income
- dividends and related per-share amounts are disclosed either on the face of the statement of changes in equity or in the notes.

Effective Date and Transitional Provisions

The revised standard is effective for annual periods beginning on or after 1 January 2009. Earlier application is permitted.

If you would like further information on any of the matters discussed in this issue of *IFRS Briefing Sheet*, please talk to your usual local KPMG contact or call any of KPMG firms' offices.

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