



НАЦИОНАЛЬНАЯ ОРГАНИЗАЦИЯ ПО СТАНДАРТАМ  
ФИНАНСОВОГО УЧЕТА И ОТЧЕТНОСТИ

## COMMENT LETTER

*Submitted electronically through the IASB Internet site*

*www.iasb.org* September, 28, 2010

Exposure Draft ED/2010/5 Presentation of Items Of Other Comprehensive Income

International Accounting Standard Board  
30 Cannon Street  
London EC4M 6XH  
United Kingdom

**Re:** *Exposure Draft ED/2010/5 Presentation of Items Of Other Comprehensive Income*

Dear Sirs,

National Accounting Standards Board of Russia (NASB) appreciates the opportunity to submit comments on the Exposure Draft ED/2010/5 Presentation of Items Of Other Comprehensive Income.

Members of the National Accounting Standards Board of Russia (NASB) support the Exposure Draft as it lies in a line with current IFRS developments and provides more clear and transparent information for users of IFRS financial statements. At the same time we'd like to stress the importance of following developments aimed to understand and formalize the role of OCI for users of financial statements and to provide a guidance for IFRS statements preparers.

Our answers to the questions stated in the Invitation to comment are presented below.

### **Statement of profit or loss and other comprehensive income**

#### ***Question 1***

*The Board proposes to change the title of the statement of comprehensive income to 'Statement of profit or loss and other comprehensive income' when referred to in IFRSs and its other publications. Do you agree? Why or why not? What alternative do you propose?*

The NASB agrees with the proposal to change the title for a single statement prepared in accordance with current IAS 1 paragraph 81(a) because it provides more clarity as to the content of the respective statement. We recommend that this change is made consistently throughout the IASB's documents.

At the same time some members of NASB consider it's convenient to retain the opportunity for companies to choose the alternative title for the Statement.

## **Question 2**

*The proposals would require entities to present a statement of profit or loss and other comprehensive income with two sections—profit or loss and items of other comprehensive income. The Board believes this will provide more consistency in presentation and make financial statements more comparable. Do you agree? Why or why not? What alternative do you propose?*

The most of members of Russian NASB agreed with proposed approach since we see it is a common practice in Russia to present OCI components as a separate part of Comprehensive Income Statement. At the same time some NASB members are concerned with possible ambiguity in interpretation of single Statement due to performance measurement practices prevailing in present.

## **Presentation of items of other comprehensive income**

### **Question 3**

*The exposure draft proposes to require entities to present items of other comprehensive income (OCI) that will be reclassified to profit or loss (recycled) in subsequent periods upon derecognition separately from items of OCI that will not be reclassified to profit or loss. Do you support this approach? Why or why not? What alternative do you propose, and why?*

We agree with this proposal. Given the lack of a conceptual basis underpinning the notions of ‘OCI’ and ‘recycling to the profit or loss’, we believe this proposal may enhance, to some extent, user understanding of the linkage between ‘other comprehensive income’ and ‘profit or loss’ as currently prescribed by IFRS.

Whilst we agree with the proposal, we are mindful that even this presentation format fails to provide the user with a complete picture of the accounting for the ‘recyclable’ components of OCI. For example, it fails to indicate the possibility that these items may simply reverse rather than be recycled to, and therefore impact, profit or loss. Further, it does not indicate the timing of reversal/recycling to profit or loss. In our view, this attempt to help explain the current IFRS requirements for OCI merely emphasises the need for the IASB to undertake a thorough review of performance reporting.

### **Question 4**

*The exposure draft also proposes to require that income tax on items presented in OCI should be allocated between items that might be subsequently reclassified to profit or loss and those that will not be reclassified subsequently to profit or loss, if the items in OCI are presented before tax. Do you support this proposal? Why or why not? What alternative do you propose and why?*

NASB agrees. This is a logical consequence of the separation of items presented in the OCI as discussed in question 3 above.

### **Question 5**

*Benefits and costs*

*In the Board’s assessment:*

*(a) the main benefits of the proposals are: BC32–BC36*

*(i) presenting all non-owner changes in equity in the same statement.*

*(ii) improving comparability by eliminating options currently in IAS 1.*

*(iii) maintaining a clear distinction between profit or loss and items of other comprehensive income.*

*(iv) improving clarity of items presented in OCI by requiring them to be classified into items that*

*might be reclassified subsequently to profit or loss and items that will not be reclassified subsequently to profit or loss.*

*(b) the costs of the proposals should be minimal because in applying the existing version of IAS 1, entities must have all the information required to apply the proposed amendments.*

*Do you agree with the Board's assessment? Why or why not?*

NASB does agree with the Board's assessment of benefits and with the assessment of costs related to the proposals.

***Question 6***

*Do you have any other comments on the proposal?*

The NASB don't have any other comments on the proposals.

Thank you for the opportunity to present our views.

Yours sincerely,

Askold Birin  
Chairman



National Accounting Standards Board Of Russia