



September 3, 2010

The International Accounting Standards Board
30 Cannon Street
London, United Kingdom
EC4M 6XH

Re: Exposure Draft – Presentation of Items of Comprehensive Income

The Committee on Corporate Reporting (CCR) of the Financial Executive International Canada (FEI Canada) is writing to provide its response to the International Accounting Standards Board (IASB) May 2010 Exposure Draft (ED) regarding *Presentation of Items of Other Comprehensive Income* (OCI), proposed amendments to International Accounting Standard 1 (IAS 1) *Presentation of Financial Statements*.

FEI Canada is the all-industry professional membership association for senior financial executives. With eleven chapters across Canada and more than 2,000 members, FEI Canada provides professional development, thought leadership and advocacy services to its members. The association membership, which consists of Chief Financial Officers, Audit Committee Directors and senior executives in the Finance, Controller, Treasury and Taxation functions, represents a significant number of Canada's leading and most influential corporations.

The Committee on Corporate Reporting (CCR) is one of two national advocacy committees of FEI Canada. CCR comprises more than 30 senior financial executives representing a broad cross-section of the FEI membership and of the Canadian economy who have volunteered their time, experience and knowledge to consider and recommend action on a range of issues related to accounting, corporate reporting and disclosure. In addition to advocacy, CCR is devoted to improving the awareness and educational implications of the issues it addresses, and is focused on continually improving the standards and regulations impacting corporate reporting.

In general, CCR supports the approach of the IASB in improving the presentation of OCI. We believe comparability will be improved as a result of implementing these proposals, as well as identifying items of OCI that will and will not be recycled. Lastly, we believe that "profit or loss" or "net income" will retain its prominence in a single statement of presentation as long as there is a clear distinction from OCI within the single statement.

In response to the specific questions in the ED we have the following comments:

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?

CCR supports this title as it highlights that there are in fact two distinct elements of presentation within a single statement, profit or loss and other comprehensive income.

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?

CCR agrees with the proposed two sections within a single statement of profit or loss and other comprehensive income, and believes this will result in more consistency in presentation and comparability of financial statements.

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 (recycle) 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 to you propose, and why?

CCR supports the separation of items of OCI that will and will not be recycled into profit or loss in subsequent periods. We observed that in April 2010 the IASB proposed amendments to *Defined Benefits Plans* under IAS 19, including a recommendation that re-measurements be recorded in OCI (i.e., that are never recycled into profit and loss). The proposed IAS 19 amendments are consistent with the distinction within OCI proposed under this exposure draft.

Question 4 – The exposure draft 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 are presented before tax. Do you support this proposal? Why or why not? What alternative do you propose and why?

CCR believes that items of OCI should be presented net-of-tax by individual item. We believe this simplifies the reporting for tax as it relates to OCI items and distinguishes items of profit or loss which are not presented net-of-tax. One presentation method for tax on OCI items facilitates comparability of financial statements.

Question 5 – In the Board’s assessment:

(a) the main benefits of the proposals are:

- i. presenting all non-owner changes inequity in the same statement.**
- ii. improving comparability by eliminating options currently in IAS 1.**
- iii. maintaining a clear distinction between profit or loss and other comprehensive income.**
- iv. improving clarity of items presented in OCI by requiring them to be classified into items that might not 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?

CCR agrees with the Board's assessment. Also, we recognize that the Financial Accounting Standards Board in the U.S. has issued similar proposals regarding the presentation of OCI. While there are differences over which items should be recycled we believe, as a result of these proposals, enhanced comparability of financial reporting worldwide would be achieved.

Question 6 – Do you have any other comments on the proposals?

CCR agrees that early adoption should be permitted.

CCR hopes that the comments noted will be useful to the IASB in its deliberations. If you have any questions or would like to discuss any of these matters, please do not hesitate to contact us.

Yours very truly,

A handwritten signature in black ink, appearing to read "Tyrone Cotie".

Tyrone Cotie
Chair
Committee on Corporate Reporting
FEI Canada