

Sir David Tweedie
Chairman
International Accounting Standards Board
30 Cannon Street
London
United Kingdom
EC4M 6XH

Email: commentletters@iasb.org

30 September 2010

Dear Sir David,

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

Deloitte Touche Tohmatsu Limited is pleased to respond to the Exposure Draft, ED/2010/5 *Presentation of Items of Other Comprehensive Income* (the 'ED').

Whilst we do not object to the proposals in the ED, we would like to stress that the Board has not yet concluded on the fundamental principles of what constitutes performance, what represents Other Comprehensive Income ("OCI") and the conceptual basis for whether items in OCI should or should not be recycled. The Board should continue to consider these issues as part of its Financial Statement Presentation project and the outcome of the ED should not in any way pre-empt the outcome of these discussions. Although the Board has chosen to limit the scope of the ED to OCI presentation matters, in our view it would have been preferable to address the broader conceptual issues related to performance and OCI and recycling in advance of addressing the presentation of OCI.

We noted that the proposal, if finalised together with the FASB proposal on the same subject, would result in convergence with US GAAP on the presentation of OCI. However, the underlying differences between IFRSs and US GAAP regarding which items are recognised in OCI, as well as which components of OCI should subsequently be reclassified into profit or loss, remain to be addressed.

Our detailed responses to the invitation to comment questions are included in the Appendix to this letter.

If you have any questions concerning our comments, please contact Veronica Poole in London at +44 (0) 207 007 0884.

Sincerely,

A handwritten signature in black ink, appearing to read 'V Poole', written in a cursive style.

Veronica Poole
Global IFRS Leader - Technical

Appendix

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?

We agree with the proposed change in title which would be in line with the proposal in the ED to present two sections within one statement.

Furthermore, while we do not believe that use of the new title should be compulsory, we would suggest the deletion of the alternative title as a means to encourage use of the new title. This would also keep the proposed title in line with other statements, such as the statement of financial position where no alternatives are provided.

We would recommend that the line “net income for the year” within the second illustrative example of the ED should be amended to be consistent with the line “profit for the year” within the first illustrative example and thus consistent with the proposed title change.

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?

We do not object to the proposal to present profit or loss and other comprehensive income in one statement with two sections.

However, we strongly encourage the Board to continue to debate and address the conceptual matters related to OCI as part of other related projects, for example, the financial statement presentation project or conceptual framework project and the outcome of the ED should not in any way pre-empt the outcome of these discussions.

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 that, given the current requirements on recycling, it provides useful information to present these items separately.

In addition, we noted that paragraph 82A of the ED states that the OCI section shall include the share of the OCI of associates and joint ventures accounted for using the equity method. It is currently unclear as to whether the presentation of these amounts is also subject to the same requirement to identify separately the amounts which are subject to subsequent reclassification and the amounts that will never be recognised in profit or loss. We propose that the Board provide clarification of this matter in the final standard, specifically stating that the requirement to separate the items in OCI into items that will be recycled in subsequent periods and those that will not does not apply to the share of OCI of joint ventures/associates.

We would also recommend that the Board carries the changes referred to in paragraph 91 relating to the presentation of “items” of OCI through to the first illustrative example and amend the income tax “component” within this example to be in line with the suggested wording within paragraph 91.

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?

We agree. To the extent there is a clear differentiation between components of OCI that are, or are not, recycled, and to the extent the tax component is to be recycled, then identification of the tax effects of each category would also be desirable.

Question 5

In the Board’s assessment:

(a) the main benefits of the proposals are:

- (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.

Regarding items (i) and (ii), we believe the elimination of a presentation choice will necessarily enhance comparability. However, we do not believe the benefits will be significant since, at this time, there remain a large number of other items that could enhance comparability of performance that are yet to be addressed by the Board.

Regarding item (iii), we agree that maintaining this distinction is beneficial but as this simply preserves the status quo as opposed to enhancing presentation, we are not clear why this would be articulated as a main benefit of the project.

Regarding items (iv) and (b) above, we agree with the statements made by the Board.

Overall, whilst the Board continues to consider the fundamental principles of what OCI represents, we are not fully persuaded that the proposals within this ED will provide significant benefits. The Board should continue to address these issues within its ongoing projects such as the financial statement presentation project and the conceptual framework project.