



The Concept of Other Comprehensive Income, Its Essence and Composition, Reflection in the Financial Statements

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Abstract: *The implementation of international financial reporting standards (IFRS) in our country is one of the important issues on the agenda. One of the most important tasks of the country today is the application of international practice in the accounting system for the recognition of income and expenses, which are the main indicators of financial accounting. This article describes and discloses the concept of accounting for The concept of other comprehensive income, its essence and composition, reflection in the financial statements in accordance with international standards, the importance in the accounting system. Studying and improving the methodological side of this process today also remains one of the most important issues. This article also discusses income that is included in the income statements, such as the definition, composition, recognition, measurement and composition of the financial statements of other comprehensive income by type.*

Keywords: *Income, income, other comprehensive income, expense, reserve, reclassification, adjustment, international financial reporting standards, royalties, dividends, rent, interest, profit from financial activities.*

The definitions given in the above regulatory documents, as well as by scientists, have basically the same meaning and disclose the characteristics of other generalized income. Summarizing these definitions, we define other generalized income as follows: “**Other comprehensive income** is a part of an enterprise’s comprehensive income, including items of income and expense, unrealized income that is not reflected in profit or loss is reflected in the statement of changes in equity, and their composition and accounting is provided and allowed in a separate IFRS”.

Other aggregates fall into two categories in the income classification. The first category is items that cannot be reclassified in the income statement. Other comprehensive income in this category will be reclassified to profit or loss when certain comprehensive income arises under certain conditions. The second category is items that can be reclassified in the income statement. Other items of income earned in this category are not reclassified to profit or loss under any circumstances. They accumulate as an element of private capital. In this regard, the structure of other comprehensive income in the “Statement of Profit and Loss and Other Comprehensive Income” format, proposed in the materials prepared by the PwC Academy in 2020, is as follows (Table 1):



Table 1. Format of the consolidated statement of profit or loss and other comprehensive income of ABC for the year ended December 31, 2013 (only other part of comprehensive income)¹

	2013	2012
Other comprehensive income:		
Components that cannot be reclassified in the income statement.		
Revaluation of fixed assets	X	X
Gains (losses) on investments in equity instruments carried at fair value through other comprehensive income at the option of the Company	X	X
Actuarial gains (losses) for defined benefit plans	X	X
The contribution of like-minded people to the increase in the value of the property	X	X
Changes in the fair value of financial liabilities associated with their credit risks	X	X
Income tax applicable to components that cannot be reclassified	(X)	(X)
Components that can be reclassified in the income statement		
Gains (losses) on financial assets (equity instruments) measured at fair value through other comprehensive income	X/(X)	X/(X)
Exchange rate differences when translating foreign subsidiaries	X	X
Effective money planning results	X	X
Income tax applied to the reclassified components	X	X
Total other comprehensive income after tax	X	X

This format is a proposed format that companies can develop in their accounting policies in accordance with IAS formats.

In our opinion, it is advisable to open accounts designed to reflect other total income in the current chart of accounts. This is due to the fact that, in accordance with the requirements of international standards, any result that is reflected in the increase in the assets of private equity holders, in addition to adding additional private capital, is income. Based on this view, other comprehensive income should first accumulate in accounts opened for other types of comprehensive income. At the end of the reporting period, these income accounts will need to be transferred to the corresponding private equity accounts.

Since these are accounts after the final financial results, it is recommended to open account 8000 "Other income received":

Table 2. Working accounts, which are proposed to be included in the chart of accounts of financial and economic activities of business entities²

Account Number	Account name
8010	Income from revaluation of property, plant and equipment and intangible assets (not a reclassified component)
8020	Gains and losses from the revaluation of financial assets
8021	Profit (loss) on financial assets (equity instruments) carried at fair value

¹ ©2020 PwC. All rights reserved. This material was prepared by the PwC Academy for the ASSA IGF Diploma exams in 2020. 0306-p. file:///C:/Users/SamISI-ATM/Desktop/%D0%A0%D0%B5%D1%88%D0%B5%D0%BD%D0%B8%D0%B5%20%D0%B7%D0%B0%D0%B4%D0%B0%D1%87%20%D0%BF%D0%BE%20%D0%9C%D0%A1%D0%A4%D0%9E/DipIFR%20PwC%202020.pdf

² Authoring based on research.



	(reclassified component)
8022	Gains (losses) on investments in equity instruments carried at fair value (not a reclassified component)
8030	Actuarial gains (losses) for defined benefit plans (unclassified component)
8040	Contribution of the parent company to the increase in the value of the assets of the associates (non-reclassified component).
8050	Change in fair value of financial liabilities (non-reclassified component).
8060	Exchange differences arising on the translation of foreign subsidiaries (component that can be reclassified)
8070	Effective cash planning results (reclassified component)
8080	Income tax applicable to other comprehensive income
8081	Income tax applied to the reclassified components
8082	Income tax applicable to components that cannot be reclassified

Let us consider the application of these accounts and the methodological procedure for accounting for other generalized income on practical examples.

Example 1. The net profit of “Jambay Grain Products” JSC for the reporting year ended 2020 amounted to 238 785 141 thousand UZS, the cost of goods sold (goods, works, services) 200 606 212 thousand UZS, other (not related to ordinary activities) income 2 097 633 soums, operating (commercial) expenses 28 455 639 thousand soums, administrative expenses 844 746 thousand soums, non-operating expenses 12 450 thousand soums, interest income 14 037 thousand soums, profit (loss) from the disposal of financial assets at amortized cost 4 255 thousand soums, gain / loss from reclassification of financial assets from amortized cost through profit or loss to fair value for 2,400 thousand soums, impairment loss - 1,500,000 soums, impairment loss - 1,500 thousand soums, finance costs - 1,885,677,000 soums.

The authorized capital of the company is 248,420,000 soums, retained earnings - 150,448,500,000 soums. Reserve capital 58,425,123,000 soums.

In the reporting year, the following transactions took place on other gross profit: increase in the value from revaluation of fixed assets - 28,400 thousand, profit (loss) from financial assets measured at fair value at the company's option through other comprehensive income - 5,800,000 soums, fixed actuarial gain (losses) on pension plans with benefits (non-reclassified component) - 0, effective funds planning results - 0, contribution to the increase in the property value of associates - 0, exchange rate difference from translation of foreign subsidiaries - 0.

Based on the following information, it is required: 1. Preparation of a part of the income statement on total comprehensive income (profit and loss and other comprehensive income) for the reporting year ended December 31 of JSC. 2. To reflect other comprehensive income in accounting. 3. Prepare the second part of the statement of total comprehensive income; 4. Prepare a statement of changes in equity; 5. Prepare a section on private equity in the statement of financial position.

The methodological procedure suggested in this table has several advantages.

First, changes in other comprehensive income during the year are first accumulated in the accounts in which this income is recorded, and then the final result is transferred to reserve capital. This, in turn, reduces the income from a previous increase in property, plant and equipment during the year as a result, for example, of a loss in the value of property, plant and equipment transferred to the corresponding other comprehensive income account.

Second, the data in the other comprehensive income accounts make it easier to aggregate the data when completing the Other comprehensive income section of the statement of total comprehensive



income. It allows you to receive data for replenishment not from the reserve capital, but from the data in the accounts for these purposes. This methodological procedure also meets the requirements of international standards and is distinguished by its effectiveness.

List of used literature.

1. Other comprehensive income [OCI] <https://inflexio.ru/glossary/prochij-sovokupnyj-doxod/>
2. ¹ ©2020 PwC. All rights reserved. This material was prepared by the PwC Academy for the ASSA IGF Diploma exams in 2020. 0306-p. file:///C:/Users/SamISI
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