



Project

Presentation of items of other comprehensive income

Topic

Title of the statement containing profit or loss and other comprehensive income

Purpose of the paper

1. This paper asks the boards to consider changing the title of the Statement of Comprehensive Income.

Next steps

2. The boards plan to finalise their respective exposure drafts in relation to the presentation of items of other comprehensive income with a view to publishing them in May.

Staff analysis and recommendation

3. The consultation and outreach the staff has been undertaking in relation to the forthcoming exposure draft has highlighted that there is lingering suspicion and emotion attached to the title *Statement of Comprehensive Income*. To some, the title implies that accounting income purports to be a *comprehensive* (or complete) measure of financial performance. They couple this with a perception that the boards are trying to bring in more and more fair value. And yet, the title is not even mandatory.
4. The IASB introduced this title into IFRS in the amendments it made to IAS 1 in September 2007, changing from *Income Statement*. The FASB introduced the

This paper has been prepared by the technical staff of the IASCF for discussion at a public meeting of the IASB.

The views expressed in this paper are those of the staff preparing the paper. They do not purport to represent the views of any individual members of the IASB.

Comments made in relation to the application of an IFRS do not purport to be acceptable or unacceptable application of that IFRS—only the IFRIC or the IASB can make such a determination.

The tentative decisions made by the IASB at its public meetings are reported in IASB *Update*. Official pronouncements of the IASB, including Discussion Papers, Exposure Drafts, IFRSs and Interpretations are published only after it has completed its full due process, including appropriate public consultation and formal voting procedures.

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term into its requirements in FAS 130 *Reporting Comprehensive Income* in 1997 (drawing the term from CON 6).

5. The title *Statement of Comprehensive Income* was not the one proposed in the exposure draft that led to the name change in 2007. The IASB had proposed *Statement of Recognised Income and Expense*. When the Board finalised these amendments in September 2007 it decided to use the title *Statement of comprehensive income*, primarily to converge with the US FAS 130. However, in finalising its revision, the Board confirmed that the titles of financial statements used in IAS 1 would not be mandatory.
6. It is clear that some in the IFRS community are still troubled by the use of the term *comprehensive* in the title. Given that we are currently considering matters related to the presentation of this statement, we have an opportunity to consider changing the title.
7. The title has not been used for very long in IFRS, and there is some resistance to it, so we assess a change now as being less problematic than if we were changing a term that had been embedded for a long time. We think the FASB faces the latter problem, having used the title for well over a decade.
8. We have looked at suggested alternative titles from comments received on the discussion paper, a list of which is included as an appendix. Our preference is *Statement of Recognised Income and Expense*, which accurately describes that the statement presents all income and expense items recognised by the accounting requirements. Unfortunately this terminology would probably not work as well for US GAAP because it refers to revenues, expenses, gains and losses.
9. An alternative approach, for the IASB, would be to propose amending paragraph 10 of IAS 1 by adding examples of alternative titles for this statement, such as *Statement of Profit or Loss and Other Comprehensive Income* or *Statement of Recognised Income and Expenses*. Currently, IAS 1 simply states that an entity 'may use titles for the statements other than those used in this

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Standard’. In contrast, the paragraph that states that an entity does not need to use the term *profit or loss* provides examples of alternative terminology.

10. This is not a technical decision, but given the importance of each financial statement it is important to the boards and to those using IFRSs and US GAAP. The name of the statement is likely to remain in place for a significant period of time. It is therefore important that we use a title that is an appropriate depiction of what a reader can expect to see when they read it.

Questions for the boards – Title of the statement containing profit or loss and other comprehensive income

The staff recommend IASB that the exposure draft propose changing the title of the *Statement of Comprehensive Income* to the *Statement of Recognised Income and Expense*. Does the Board agree?

If the IASB does decide to expose that change in title, does the FASB wish to do likewise?

If the IASB decides not to change the title, the staff recommend that the Board add some examples to paragraph 10 of IAS 1. Does the Board agree?

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Appendix

- A1. Suggestions for the title of the statement containing profit or loss and other comprehensive income:
- (a) Statement of Recognised Income and Expense;
 - (b) Statement of Income and Expense;
 - (c) Statement of Gains and Losses;
 - (d) Statement of Profit or Loss and Other Comprehensive Income;
 - (e) Statement of Performance;
 - (f) Statement of Comprehensive Income;
 - (g) Statement of Financial Performance;
 - (h) Statement of Total Income and Expense; and
 - (i) Statement of Income.