

**FINANCIAL STATEMENT PRESENTATION PROJECT**  
**A Joint Project of the FASB and IASB**  
**Phase A: Summary as of September 30, 2007**

**Scope**

Phase A of the joint project addresses what constitutes a complete set of financial statements and requirements to present comparative information.

**Background**

Both Boards completed their initial deliberations in December 2005. The IASB issued an Exposure Draft in March 2006 and a final Standard in September 2007. The FASB decided to wait to expose its initial decisions reached in Phase A until the work on Phase B has been exposed.

**IAS 1 (revised 2007)**

The IASB completed Phase A with the publication of the revised version of **IAS 1, *Presentation of Financial Statements***, in early September 2007, which brings IAS 1 largely into line with FASB Statement No. 130, *Reporting Comprehensive Income*. The main features of IAS 1 (revised 2007) are:

- Non-mandatory changes in the titles of some of the financial statements to reflect their function more clearly (for example, the balance sheet is renamed a statement of financial position). The IASB also affirmed that the titles of the financial statements will remain non-mandatory.
- Presentation of all owner changes in equity in a statement of changes in equity, which does not include non-owner changes in equity. All non-owner changes in equity (that is, components of comprehensive income) are presented in one statement of comprehensive income or in two statements (a separate income statement followed by a statement of comprehensive income). The IASB also decided to continue to express a preference for a single statement approach.
- Presentation of a statement of financial position as of the beginning of the earliest comparative period in a complete set of financial statements when the entity applies an accounting policy retrospectively or makes a retrospective restatement, or when the entity reclassifies items in the financial statements.
- Disclosure of reclassification adjustments and income tax relating to each component of other comprehensive income.
- Presentation of dividends recognised as distributions to owners and related amounts per share in the statement of changes in equity or in the notes.

**FASB Tentative Decisions**

On Phase A topics, the FASB decided the following:

1. To require that a complete set of financial statements for a reporting period include:

## Phase A: Summary as of September 30, 2007

- a. A statement that shows balances of assets, liabilities, and equity as of the beginning of the period—referred to as a statement of financial position at the beginning of the period
  - b. A statement that shows balances of assets, liabilities, and equity as of the end of a period—referred to as the statement of financial position at the end of the period
  - c. A statement that shows (for a period of time) the changes in assets and liabilities other than those arising from transactions with owners in their capacity as owners and includes the currently required subtotal net income—referred to as a statement of comprehensive income
  - d. A statement that shows the changes in assets and liabilities arising from transactions with owners in their capacity as owners—referred to as a statement of changes in equity
  - e. A statement that shows inflows and outflows of cash—referred to as a statement of cash flows.
2. To require that each individual financial statement within a complete set of financial statements be shown with equal prominence.
  3. To require a single statement of earnings and comprehensive income that presents a total for nonowners' changes in financial position (comprehensive income) and a required subtotal for net income (FASB only).

Note: In IAS 1 (revised 2007), nonowner changes in assets and liabilities may be presented in one statement [a single statement of comprehensive income] or in two statements [a statement displaying components of profit or loss and a second statement beginning with profit or loss and displaying components of other comprehensive income].

4. To allow, but not provide guidance on, voluntary presentation of financial information beyond the required minimum (that is, beyond a complete set of financial statements for two annual periods).
5. To continue to require the presentation of basic and diluted EPS on the face of the statement of earnings and comprehensive income/ statement of comprehensive income as the only per-share measure.
6. To continue to permit but not require the disclosure of basic and diluted comprehensive income per share in the notes to financial statements.
7. To continue to require the disclosure of the weighted average number of shares used as the denominator in calculating per-share metrics in the notes to financial statements.