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# IAS 1 — Presentation of Financial Statements

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## Overview

IAS 1 *Presentation of Financial Statements* sets out the overall requirements for financial statements, including how they should be structured, the minimum requirements for their content and overriding concepts such as going concern, the accrual basis of accounting and the current/non-current distinction. The standard requires a complete set of financial statements to comprise a statement of financial position, a statement of profit or loss and other comprehensive income, a statement of changes in equity and a statement of cash flows.

IAS 1 was reissued in September 2007 and applies to annual periods beginning on or after 1 January 2009.

## History of IAS 1

| Date | Development | Comments |
|---|---|---|
| March 1974 | Exposure Draft E1 *Disclosure of Accounting Policies* | |
| January 1975 | IAS 1 *Disclosure of Accounting Policies* issued | Operative for periods beginning on or after 1 January 1975 |
| June 1975 | Exposure Draft E5 *Information to Be Disclosed in Financial Statements* published | |
| October 1976 | IAS 5 *Information to Be Disclosed in Financial Statements* issued | Operative for periods beginning on or after 1 January 1975 |

| | | |
|---|---|---|
| July 1978 | Exposure Draft E14 *Current Assets and Current Liabilities* published | |
| November 1979 | IAS 13 *Presentation of Current Assets and Current Liabilities* issued | Operative for periods beginning on or after 1 January 1981 |
| 1994 | IAS 1, IAS 5, and IAS 13 reformatted | |
| July 1996 | Exposure Draft E53 *Presentation of Financial Statements* published | |
| August 1997 | IAS 1 *Presentation of Financial Statements* (1997) issued (Supersedes IAS 1 (1975), IAS 5, and IAS 13 (1979)) | Operative for periods beginning on or after 1 July 1998 |
| 18 December 2003 | IAS 1 *Presentation of Financial Statements* (2003) issued | Effective for annual periods beginning on or after 1 January 2005 |
| 18 August 2005 | Amended by *Amendment to IAS 1 — Capital Disclosures* | Effective for annual periods beginning on or after 1 January 2007 |
| 16 March 2006 | Exposure Draft *Proposed Amendments to IAS 1 – A Revised Presentation* published | Comment deadline 17 July 2006 |
| 22 June 2006 | Exposure Draft *Financial Instruments Puttable at Fair Value and Obligations Arising on Liquidation* published | Comment deadline 23 October 2006 |
| 6 September 2007 | IAS 1 *Presentation of Financial Statements* (2007) issued | Effective for annual periods beginning on or after 1 January 2009 |
| 14 February 2008 | Amended by *Puttable Financial Instruments and Obligations Arising on Liquidation* | Effective for annual reporting periods beginning on or after 1 January 2009 |
| 22 May 2008 | Amended by *Annual Improvements to IFRSs 2007* | Effective for annual reporting periods |

| | | |
|---|---|---|
| | (classification of derivatives as current or non-current) | beginning on or after 1 January 2009 |
| 16 April 2009 | Amended by *Improvements to IFRSs 2009* (classification of liabilities as current) | Effective for annual periods beginning on or after 1 January 2010 |
| 6 May 2010 | Amended by *Improvements to IFRSs 2010* (clarification of statement of changes in equity) | Effective for annual periods beginning on or after 1 January 2011 |
| 27 May 2010 | Exposure Draft ED/2010/5 *Presentation of Items of Other Comprehensive Income* published | Comment deadline 30 September 2010 |
| 16 June 2011 | Amended by *Presentation of Items of Other Comprehensive Income* | Effective for annual periods beginning on or after 1 July 2012 |
| 17 May 2012 | Amended by *Annual Improvements 2009-2011 Cycle* (comparative information) | Effective for annual periods beginning on or after 1 January 2013 |
| 18 December 2014 | Amended by *Disclosure Initiative (Amendments to IAS 1)* (project history) | Effective for annual periods beginning on or after 1 January 2016 |

## Related Interpretations

- IAS 1 (2003) superseded SIC-18 *Consistency - Alternative Methods*
- IFRIC 17 Distributions of Non-cash Assets to Owners
- SIC-27 *Evaluating the Substance of Transactions in the Legal Form of a Lease*
- SIC-29 *Disclosure - Service Concession Arrangements*

## Amendments under consideration

- IAS 1 — Disclosures about going concern
- IAS 1 — Classification of liabilities
- Disclosure initiative — Principles of disclosure (research project)
- Disclosure initiative — Materiality (research project)

## Summary of IAS 1

### Objective of IAS 1

The objective of IAS 1 (2007) is to prescribe the basis for presentation of general purpose financial statements, to ensure comparability both with the entity's financial statements of previous periods and with the financial statements of other entities. IAS 1 sets out the overall requirements for the presentation of financial statements, guidelines for their structure and minimum requirements for their content. [IAS 1.1] Standards for recognising, measuring, and disclosing specific transactions are addressed in other Standards and Interpretations. [IAS 1.3]

### Scope

IAS 1 applies to all general purpose financial statements that are prepared and presented in accordance with International Financial Reporting Standards (IFRSs). [IAS 1.2]

General purpose financial statements are those intended to serve users who are not in a position to require financial reports tailored to their particular information needs. [IAS 1.7]

### Objective of financial statements

The objective of general purpose financial statements is to provide information about the financial position, financial performance, and cash flows of an entity that is useful to a wide range of users in making economic decisions. To meet that objective, financial statements provide information about an entity's: [IAS 1.9]

- assets
- liabilities
- equity
- income and expenses, including gains and losses
- contributions by and distributions to owners (in their capacity as owners)
- cash flows.

That information, along with other information in the notes, assists users of financial statements in predicting the entity's future cash flows and, in particular, their timing and certainty.

### Components of financial statements

A complete set of financial statements includes: [IAS 1.10]

- a statement of financial position (balance sheet) at the end of the period
- a statement of profit or loss and other comprehensive income for the period (presented as a single statement, or by presenting the profit or loss section in a separate statement of profit or loss, immediately followed by a statement presenting comprehensive income beginning with profit or loss)
- a statement of changes in equity for the period
- a statement of cash flows for the period
- notes, comprising a summary of significant accounting policies and other explanatory notes


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comparative information prescribed by the standard.

An entity may use titles for the statements other than those stated above. All financial statements are required to be presented with equal prominence. [IAS 1.10]

When an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements, it must also present a statement of financial position (balance sheet) as at the beginning of the earliest comparative period.

Reports that are presented outside of the financial statements – including financial reviews by management, environmental reports, and value added statements – are outside the scope of IFRSs. [IAS 1.14]

### Fair presentation and compliance with IFRSs

The financial statements must "present fairly" the financial position, financial performance and cash flows of an entity. Fair presentation requires the faithful representation of the effects of transactions, other events, and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the Framework. The application of IFRSs, with additional disclosure when necessary, is presumed to result in financial statements that achieve a fair presentation. [IAS 1.15]

IAS 1 requires an entity whose financial statements comply with IFRSs to make an explicit and unreserved statement of such compliance in the notes. Financial statements cannot be described as complying with IFRSs unless they comply with all the requirements of IFRSs (which includes International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations). [IAS 1.16]

Inappropriate accounting policies are not rectified either by disclosure of the accounting policies used or by notes or explanatory material. [IAS 1.18]

IAS 1 acknowledges that, in extremely rare circumstances, management may conclude that compliance with an IFRS requirement would be so misleading that it would conflict with the objective of financial statements set out in the Framework. In such a case, the entity is required to depart from the IFRS requirement, with detailed disclosure of the nature, reasons, and impact of the departure. [IAS 1.19-21]

### Going concern

The Conceptual Framework notes that financial statements are normally prepared assuming the entity is a going concern and will continue in operation for the foreseeable future. [Conceptual Framework, paragraph 4.1]

IAS 1 requires management to make an assessment of an entity's ability to continue as a going concern. If management has significant concerns about the entity's ability to continue as a going concern, the uncertainties must be disclosed. If management concludes that the entity is not a going concern, the financial statements should not be prepared on a going concern basis, in which case IAS 1 requires a series of disclosures. [IAS 1.25]

### Accrual basis of accounting

IAS 1 requires that an entity prepare its financial statements, except for cash flow information, using the accrual basis of accounting. [IAS 1.27]

### Consistency of presentation

The presentation and classification of items in the financial statements shall be retained from one period to the next unless a change is justified either by a change in circumstances or a requirement of a new IFRS. [IAS 1.45]

### Materiality and aggregation

Each material class of similar items must be presented separately in the financial statements. Dissimilar items may be aggregated only if the are individually immaterial. [IAS 1.29]

However, information should not be obscured by aggregating or by providing immaterial information, materiality considerations apply to the all parts of the financial statements, and even when a standard requires a specific disclosure, materiality considerations do apply. [IAS 1.30A-31]*

* Added by *Disclosure Initiative (Amendments to IAS 1)*, effective 1 January 2016.

### Offsetting

Assets and liabilities, and income and expenses, may not be offset unless required or permitted by an IFRS. [IAS 1.32]

### Comparative information

IAS 1 requires that comparative information to be disclosed in respect of the previous period for all amounts reported in the financial statements, both on the face of the financial statements and in the notes, unless another Standard requires otherwise. Comparative information is provided for narrative and descriptive where it is relevant to understanding the financial statements of the current period. [IAS 1.38]

An entity is required to present at least two of each of the following primary financial statements: [IAS 1.38A]

- statement of financial position*
- statement of profit or loss and other comprehensive income
- separate statements of profit or loss (where presented)
- statement of cash flows
- statement of changes in equity
- related notes for each of the above items.

* A third statement of financial position is required to be presented if the entity

retrospectively applies an accounting policy, restates items, or reclassifies items, and those adjustments had a material effect on the information in the statement of financial position at the beginning of the comparative period. [IAS 1.40A]

Where comparative amounts are changed or reclassified, various disclosures are required. [IAS 1.41]

### Structure and content of financial statements in general

IAS 1 requires an entity to clearly identify: [IAS 1.49-51]

- the financial statements, which must be distinguished from other information in a published document
- each financial statement and the notes to the financial statements.

In addition, the following information must be displayed prominently, and repeated as necessary: [IAS 1.51]

- the name of the reporting entity and any change in the name
- whether the financial statements are a group of entities or an individual entity
- information about the reporting period
- the presentation currency (as defined by IAS 21 *The Effects of Changes in Foreign Exchange Rates*)
- the level of rounding used (e.g. thousands, millions).

### Reporting period

There is a presumption that financial statements will be prepared at least annually. If the annual reporting period changes and financial statements are prepared for a different period, the entity must disclose the reason for the change and state that amounts are not entirely comparable. [IAS 1.36]

### Statement of financial position (balance sheet)

#### *Current and non-current classification*

An entity must normally present a classified statement of financial position, separating current and non-current assets and liabilities, unless presentation based on liquidity provides information that is reliable. [IAS 1.60] In either case, if an asset (liability) category combines amounts that will be received (settled) after 12 months with assets (liabilities) that will be received (settled) within 12 months, note disclosure is required that separates the longer-term amounts from the 12-month amounts. [IAS 1.61]

Current assetsare assets that are: [IAS 1.66]

- expected to be realised in the entity's normal operating cycle
- held primarily for the purpose of trading
- expected to be realised within 12 months after the reporting period
- cash and cash equivalents (unless restricted).

All other assets are non-current. [IAS 1.66]

Current liabilitiesare those: [IAS 1.69]

- expected to be settled within the entity's normal operating cycle
- held for purpose of trading
- due to be settled within 12 months
- for which the entity does not have an unconditional right to defer settlement beyond 12 months (settlement by the issue of equity instruments does not impact classification).

Other liabilities are non-current.

When a long-term debt is expected to be refinanced under an existing loan facility, and the entity has the discretion to do so, the debt is classified as non-current, even if the liability would otherwise be due within 12 months. [IAS 1.73]

If a liability has become payable on demand because an entity has breached an undertaking under a long-term loan agreement on or before the reporting date, the liability is current, even if the lender has agreed, after the reporting date and before the authorisation of the financial statements for issue, not to demand payment as a consequence of the breach. [IAS 1.74] However, the liability is classified as non-current if the lender agreed by the reporting date to provide a period of grace ending at least 12 months after the end of the reporting period, within which the entity can rectify the breach and during which the lender cannot demand immediate repayment. [IAS 1.75]

***Line items***

The line items to be included on the face of the statement of financial position are: [IAS 1.54]

(a) property, plant and equipment
(b) investment property
(c) intangible assets
(d) financial assets (excluding amounts shown under (e), (h), and (i))
(e) investments accounted for using the equity method
(f) biological assets
(g) inventories
(h) trade and other receivables
(i) cash and cash equivalents
(j) assets held for sale
(k) trade and other payables
(l) provisions
(m) financial liabilities (excluding amounts shown under (k) and (l))
(n) current tax liabilities and current tax assets, as defined in IAS 12
(o) deferred tax liabilities and deferred tax assets, as defined in IAS 12
(p) liabilities included in disposal groups


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(q) non-controlling interests, presented within equity
(r) issued capital and reserves attributable to owners of the parent.

Additional line items, headings and subtotals may be needed to fairly present the entity's financial position. [IAS 1.55]

When an entity presents subtotals, those subtotals shall be comprised of line items made up of amounts recognised and measured in accordance with IFRS; be presented and labelled in a clear and understandable manner; be consistent from period to period; and not be displayed with more prominence than the required subtotals and totals. [IAS 1.55A]*

* Added by *Disclosure Initiative (Amendments to IAS 1)*, effective 1 January 2016.

Further sub-classifications of line items presented are made in the statement or in the notes, for example: [IAS 1.77-78]:

- classes of property, plant and equipment
- disaggregation of receivables
- disaggregation of inventories in accordance with IAS 2 *Inventories*
- disaggregation of provisions into employee benefits and other items
- classes of equity and reserves.

***Format of statement***

IAS 1 does not prescribe the format of the statement of financial position. Assets can be presented current then non-current, or vice versa, and liabilities and equity can be presented current then non-current then equity, or vice versa. A net asset presentation (assets minus liabilities) is allowed. The long-term financing approach used in UK and elsewhere – fixed assets + current assets - short term payables = long-term debt plus equity – is also acceptable.

***Share capital and reserves***

Regarding issued share capital and reserves, the following disclosures are required: [IAS 1.79]

- numbers of shares authorised, issued and fully paid, and issued but not fully paid
- par value (or that shares do not have a par value)
- a reconciliation of the number of shares outstanding at the beginning and the end of the period
- description of rights, preferences, and restrictions
- treasury shares, including shares held by subsidiaries and associates
- shares reserved for issuance under options and contracts
- a description of the nature and purpose of each reserve within equity.

Additional disclosures are required in respect of entities without share capital and where an entity has reclassified puttable financial instruments. [IAS 1.80-80A]

### Statement of profit or loss and other comprehensive income

#### *Concepts of profit or loss and comprehensive income*

Profit or loss is defined as "the total of income less expenses, excluding the components of other comprehensive income". Other comprehensive income is defined as comprising "items of income and expense (including reclassification adjustments) that are not recognised in profit or loss as required or permitted by other IFRSs". Total comprehensive income is defined as "the change in equity during a period resulting from transactions and other events, other than those changes resulting from transactions with owners in their capacity as owners". [IAS 1.7]

| | | | | |
|---|---|---|---|---|
| Comprehensive income for the period | = | Profit or loss | + | Other comprehensive income |

All items of income and expense recognised in a period must be included in profit or loss unless a Standard or an Interpretation requires otherwise. [IAS 1.88] Some IFRSs require or permit that some components to be excluded from profit or loss and instead to be included in other comprehensive income.

**Examples of items recognised outside of profit or loss**

- Changes in revaluation surplus where the revaluation method is used under IAS 16 *Property, Plant and Equipment* and IAS 38 *Intangible Assets*
- Remeasurements of a net defined benefit liability or asset recognised in accordance with IAS 19 *Employee Benefits* (2011)
- Exchange differences from translating functional currencies into presentation currency in accordance with IAS 21 *The Effects of Changes in Foreign Exchange Rates*
- Gains and losses on remeasuring available-for-sale financial assets in accordance with IAS 39 *Financial Instruments: Recognition and Measurement*
- The effective portion of gains and losses on hedging instruments in a cash flow hedge under IAS 39 or IFRS 9 *Financial Instruments*
- Gains and losses on remeasuring an investment in equity instruments where the entity has elected to present them in other comprehensive income in accordance with IFRS 9
- The effects of changes in the credit risk of a financial liability designated as at fair value through profit and loss under IFRS 9.

In addition, IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* requires the correction of errors and the effect of changes in accounting policies to be recognised outside profit or loss for the current period. [IAS 1.89]

### *Choice in presentation and basic requirements*

An entity has a choice of presenting:

- a single statement of profit or loss and other comprehensive income, with profit or loss and other comprehensive income presented in two sections, or
- two statements:
  - a separate statement of profit or loss
  - a statement of comprehensive income, immediately following the statement of profit or loss and beginning with profit or loss [IAS 1.10A]

The statement(s) must present: [IAS 1.81A]

- profit or loss
- total other comprehensive income
- comprehensive income for the period
- an allocation of profit or loss and comprehensive income for the period between non-controlling interests and owners of the parent.

### *Profit or loss section or statement*

The following minimum line items must be presented in the profit or loss section (or separate statement of profit or loss, if presented): [IAS 1.82-82A]

- revenue
- gains and losses from the derecognition of financial assets measured at amortised cost
- finance costs
- share of the profit or loss of associates and joint ventures accounted for using the equity method
- certain gains or losses associated with the reclassification of financial assets
- tax expense
- a single amount for the total of discontinued items

Expenses recognised in profit or loss should be analysed either by nature (raw materials, staffing costs, depreciation, etc.) or by function (cost of sales, selling, administrative, etc). [IAS 1.99] If an entity categorises by function, then additional information on the nature of expenses – at a minimum depreciation, amortisation and employee benefits expense – must be disclosed. [IAS 1.104]

### *Other comprehensive income section*

The other comprehensive income section is required to present line items which are classified by their nature, and grouped between those items that will or will not be reclassified to profit and loss in subsequent periods. [IAS 1.82A]

An entity's share of OCI of equity-accounted associates and joint ventures is presented in aggregate as single line items based on whether or not it will subsequently be reclassified to profit or loss. [IAS 1.82A]*

* Clarified by *Disclosure Initiative (Amendments to IAS 1)*, effective 1 January 2016.

When an entity presents subtotals, those subtotals shall be comprised of line items made up of amounts recognised and measured in accordance with IFRS; be presented and labelled in a clear and understandable manner; be consistent from period to period; not be displayed with more prominence than the required subtotals and totals; and reconciled with the subtotals or totals required in IFRS. [IAS 1.85A-85B]*

* Added by *Disclosure Initiative (Amendments to IAS 1)*, effective 1 January 2016.

### *Other requirements*

Additional line items may be needed to fairly present the entity's results of operations. [IAS 1.85]

Items cannot be presented as 'extraordinary items' in the financial statements or in the notes. [IAS 1.87]

Certain items must be disclosed separately either in the statement of comprehensive income or in the notes, if material, including: [IAS 1.98]

- write-downs of inventories to net realisable value or of property, plant and equipment to recoverable amount, as well as reversals of such write-downs
- restructurings of the activities of an entity and reversals of any provisions for the costs of restructuring
- disposals of items of property, plant and equipment
- disposals of investments
- discontinuing operations
- litigation settlements
- other reversals of provisions

## Statement of cash flows

Rather than setting out separate requirements for presentation of the statement of cash flows, IAS 1.111 refers to IAS 7 *Statement of Cash Flows*.

## Statement of changes in equity

IAS 1 requires an entity to present a separate statement of changes in equity. The statement must show: [IAS 1.106]

- total comprehensive income for the period, showing separately amounts attributable to owners of the parent and to non-controlling interests
-

the effects of any retrospective application of accounting policies or restatements made in accordance with IAS 8, separately for each component of other comprehensive income

- reconciliations between the carrying amounts at the beginning and the end of the period for each component of equity, separately disclosing:
  - profit or loss
  - other comprehensive income*
  - transactions with owners, showing separately contributions by and distributions to owners and changes in ownership interests in subsidiaries that do not result in a loss of control

* An analysis of other comprehensive income by item is required to be presented either in the statement or in the notes. [IAS 1.106A]

The following amounts may also be presented on the face of the statement of changes in equity, or they may be presented in the notes: [IAS 1.107]

- amount of dividends recognised as distributions
- the related amount per share.

**Notes to the financial statements**

The notes must: [IAS 1.112]

- present information about the basis of preparation of the financial statements and the specific accounting policies used
- disclose any information required by IFRSs that is not presented elsewhere in the financial statements and
- provide additional information that is not presented elsewhere in the financial statements but is relevant to an understanding of any of them

Notes are presented in a systematic manner and cross-referenced from the face of the financial statements to the relevant note. [IAS 1.113]

IAS 1.114 suggests that the notes should normally be presented in the following order:*

- a statement of compliance with IFRSs
- a summary of significant accounting policies applied, including: [IAS 1.117]
  - the measurement basis (or bases) used in preparing the financial statements
  - the other accounting policies used that are relevant to an understanding of the financial statements
- supporting information for items presented on the face of the statement of financial position (balance sheet), statement(s) of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows, in the order in which each statement and each line item is presented
- other disclosures, including:
  - contingent liabilities (see IAS 37) and unrecognised contractual

commitments
- non-financial disclosures, such as the entity's financial risk management objectives and policies (see IFRS 7 *Financial Instruments: Disclosures*)

* *Disclosure Initiative (Amendments to IAS 1)*, effective 1 January 2016, clarifies this order just to be an example of how notes can be ordered and adds additional examples of possible ways of ordering the notes to clarify that understandability and comparability should be considered when determining the order of the notes.

## Other disclosures

### *Judgements and key assumptions*

An entity must disclose, in the summary of significant accounting policies or other notes, the judgements, apart from those involving estimations, that management has made in the process of applying the entity's accounting policies that have the most significant effect on the amounts recognised in the financial statements. [IAS 1.122]

Examples cited in IAS 1.123 include management's judgements in determining:

- when substantially all the significant risks and rewards of ownership of financial assets and lease assets are transferred to other entities
- whether, in substance, particular sales of goods are financing arrangements and therefore do not give rise to revenue.

An entity must also disclose, in the notes, information about the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. [IAS 1.125] These disclosures do not involve disclosing budgets or forecasts. [IAS 1.130]

### *Dividends*

In addition to the distributions information in the statement of changes in equity (see above), the following must be disclosed in the notes: [IAS 1.137]

- the amount of dividends proposed or declared before the financial statements were authorised for issue but which were not recognised as a distribution to owners during the period, and the related amount per share
- the amount of any cumulative preference dividends not recognised.

### *Capital disclosures*

An entity discloses information about its objectives, policies and processes for managing capital. [IAS 1.134] To comply with this, the disclosures include: [IAS 1.135]

- qualitative information about the entity's objectives, policies and processes for managing capital, including>
- description of capital it manages
- nature of external capital requirements, if any

- how it is meeting its objectives
- quantitative data about what the entity regards as capital
- changes from one period to another
- whether the entity has complied with any external capital requirements and
- if it has not complied, the consequences of such non-compliance.

### *Puttable financial instruments*

IAS 1.136A requires the following additional disclosures if an entity has a puttable instrument that is classified as an equity instrument:

- summary quantitative data about the amount classified as equity
- the entity's objectives, policies and processes for managing its obligation to repurchase or redeem the instruments when required to do so by the instrument holders, including any changes from the previous period
- the expected cash outflow on redemption or repurchase of that class of financial instruments and
- information about how the expected cash outflow on redemption or repurchase was determined.

### *Other information*

The following other note disclosures are required by IAS 1 if not disclosed elsewhere in information published with the financial statements: [IAS 1.138]

- domicile and legal form of the entity
- country of incorporation
- address of registered office or principal place of business
- description of the entity's operations and principal activities
- if it is part of a group, the name of its parent and the ultimate parent of the group
- if it is a limited life entity, information regarding the length of the life

## Terminology

The 2007 comprehensive revision to IAS 1 introduced some new terminology. Consequential amendments were made at that time to all of the other existing IFRSs, and the new terminology has been used in subsequent IFRSs including amendments. IAS 1.8 states: "Although this Standard uses the terms 'other comprehensive income', 'profit or loss' and 'total comprehensive income', an entity may use other terms to describe the totals as long as the meaning is clear. For example, an entity may use the term 'net income' to describe profit or loss." Also, IAS 1.57(b) states: "The descriptions used and the ordering of items or aggregation of similar items may be amended according to the nature of the entity and its transactions, to provide information that is relevant to an understanding of the entity's financial position."

| Term before 2007 revision of | Term as amended by IAS 1 (2007) |
| --- | --- |

| IAS 1 | |
|---|---|
| balance sheet | statement of financial position |
| cash flow statement | statement of cash flows |
| income statement | statement of comprehensive income (income statement is retained in case of a two-statement approach) |
| recognised in the income statement | recognised in profit or loss |
| recognised [directly] in equity (only for OCI components) | recognised in other comprehensive income |
| recognised [directly] in equity (for recognition both in OCI and equity) | recognised outside profit or loss (either in OCI or equity) |
| removed from equity and recognised in profit or loss ('recycling') | reclassified from equity to profit or loss as a reclassification adjustment |
| Standard or/and Interpretation | IFRSs |
| on the face of | in |
| equity holders | owners (exception for 'ordinary equity holders') |
| balance sheet date | end of the reporting period |
| reporting date | end of the reporting period |
| after the balance sheet date | after the reporting period |



## Related news

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**We comment on the proposed amendments to IAS 1**
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**Second issue of the IASB's new publication series for investors**
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**EFRAG draft comment letter on the IASB's exposure draft of amendments to IAS 1**

**regarding the classification of liabilities**
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## Related Publications

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07 Sep 2015

**Deloitte comment letter on IASB ED/2015/1 'Classification of Liabilities'**
10 Jun 2015

**EFRAG endorsement status report 19 May 2015**
19 May 2015

**EFRAG endorsement status report 4 March 2015**
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## Related Interpretations

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**SIC-18 — Consistency – Alternative Methods**

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**Annual improvements — 2007-2009 cycle**

**Annual improvements — 2008-2010 cycle**

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