This dissertation studies a new format for the reporting of company profit that is currently being considered both by the IASB and the FASB in the course of their joint performancereporting project. One of the most essential characteristics of this format is that income would include all value changes in equity that are not related to transactions with the owners. Income that is calculated according to this so-called clean surplus principle is called comprehensive income. The significance of this change derives from the fact that standard setters have frequently departed from this clean surplus principle, allowing certain value changes to bypass the income statement.

The purpose of the first paper of this dissertation is to investigate whether a dual income format can be defended, both from the point of view of the supply-side of accounting information, i.e. taking into account accounting theories on income determination and from the point of view of the users of accounting information, i.e. taking into account theoretical accounting-based valuation models. Although the comprehensive income aggregate has no use as a direct input in a valuation function, it potentially has a role in an informational view on the demand for accounting information. The second paper performs a critical analysis of the extant empirical literature on comprehensive income. The problems with regard to the functional specifications of the regression equations and the nature of the empirical findings present an obstacle to the usefulness of this area of research with regard to informing standard setters.

The third paper considers the significance of fair value income as a separate income category and finds that its analytical properties with respect to income prediction, risk evaluation and the evaluation of management performance, are limited. Starting from the matrix format of comprehensive income, the paper suggests a two-column format for reporting comprehensive income, which is a comprehensive income statement without display of the total comprehensive income aggregate. Accordingly, the comprehensive income statement only contains disaggregated fair value items, in addition to (aggregated) net historical-cost income. In experimental testing, this format reduces users’ emphasis on fair value income for purposes of management evaluation.