

# Reasons Why Fundamental Accounting Concept<sup>1</sup> Test Fails

## IS10

**Comprehensive Income (Loss) = Net Income (Loss) + Other Comprehensive Income (Loss)**

### What this rule tests

This rule tests the relationship between three very common line items of a financial report:

- Net Income (Loss)
- Other Comprehensive Income (Loss)
- Comprehensive Income (Loss)

If a reporting entity has no income tax expense (benefit) line item then the value is imputed to be zero and then income (loss) from continuing operations before and after tax are the same values.

Of a total 9,679 financial reports examined, 9,373 reporting entities, 97% of the total, conformed to this relationship pattern. A total of 306, 3% of that the total, do not conform to this pattern. Of the 3% which did not conform to this relation, the following is a summary of the reasons:

- Entered the reverse value for other comprehensive income (loss) (approximately 18 reporting entities 6% that do not conform make this mistake)
- Filer is confusing comprehensive income and other comprehensive income
- Other issues

### Common reasons why test fails

***Entered the reverse value for other comprehensive income (loss)***

[http://www.sec.gov/cgi-bin/viewer?action=view&cik=1302177&accession\\_number=0001445866-14-000993&xbrl\\_type=v#](http://www.sec.gov/cgi-bin/viewer?action=view&cik=1302177&accession_number=0001445866-14-000993&xbrl_type=v#)

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<sup>1</sup> For more information on the fundamental accounting concepts and the relations between these concepts please see <http://fundamentalaccountingconcepts.wikispaces.com>

CONSOLIDATED STATEMENTS OF OPERATIONS AND OTHER COMPREHENSIVE LOSS (Unaudited) (USD \$)	3 Months Ended		6 Months Ended	
	Jun. 30, 2014	Jun. 30, 2013	Jun. 30, 2014	Jun. 30, 2013
<b>Revenue</b>				
License and service fees	\$ 934,294	\$ 1,225,353	\$ 2,018,175	\$ 2,586,022
Sales of systems and equipment	16,959	378,870	47,660	409,321
Total revenue	951,253	1,604,223	2,065,835	2,995,343
Cost of revenue	264,886	365,909	536,389	719,459
Gross profit	686,367	1,238,314	1,529,446	2,275,884
<b>Operating expenses:</b>				
Selling, general and administrative	978,817	1,020,216	1,877,749	1,966,995
Research and development	161,492	169,922	319,442	338,349
Share-based compensation expense	70,703	75,880	132,149	146,659
Depreciation	2,135	2,310	4,551	4,633
Total operating expenses	1,213,147	1,268,328	2,333,891	2,456,636
Operating loss	(526,780)	(30,014)	(804,445)	(180,752)
Interest expense, net	7,850	9,470	16,108	20,013
Net loss from continuing operations before income taxes	(534,630)	(39,484)	(820,553)	(200,765)
Income tax provision	0	11,939	0	46,020
Net loss from continuing operations	(534,630)	(51,423)	(820,553)	(246,785)
Income from discontinued operations				535
<b>Net loss</b>	<b>(534,630)</b>	<b>(51,423)</b>	<b>(820,553)</b>	<b>(246,250)</b>
<b>Other comprehensive loss:</b>				
Adjustments to net loss				
<b>Comprehensive loss</b>	<b>\$ (534,630)</b>	<b>\$ (51,423)</b>	<b>\$ (820,553)</b>	<b>\$ (246,250)</b>

Filer used the wrong concept, other comprehensive income and comprehensive income are two different things:

Adjustments to net loss			
<b>Comprehensive loss</b>	<b>\$ (534,630)</b>	<b>\$ (51,423)</b>	<b>\$ (820,553)</b>
- Definition			\$ (0.09)
Amount after tax and reclassification adjustments of other comprehensive income (loss).			
+ References			
- Details			\$ (0.09)
Name:	us-gaap_OtherComprehensiveIncomeLossNetOfTax		
Namespace Prefix:	us-gaap_		
Data Type:	xbri:monetaryItemType		79,168
Balance Type:	credit		
Period Type:	duration		

The filer reported the same fact using two concepts, plus the concepts are inconsistent: See the income statement and stockholders' equity disclosure:

[http://www.sec.gov/cgi-bin/viewer?action=view&cik=737758&accession\\_number=0001104659-14-064701&xbrl\\_type=v#](http://www.sec.gov/cgi-bin/viewer?action=view&cik=737758&accession_number=0001104659-14-064701&xbrl_type=v#)

Once concept is used on the income statement:

Condensed Consolidated Statements of Comprehensive Income (USD \$) In Thousands, unless otherwise specified	3 Months Ended		9 Months Ended	
	Aug. 01, 2014	Aug. 02, 2013	Aug. 01, 2014	Aug. 02, 2013
Condensed Consolidated Statements of Comprehensive Income				
Net earnings	\$ 50,013	\$ 40,097	\$ 162,968	\$ 149,895
Other comprehensive income (loss), net of tax:				
Foreign currency translation adjustments	(620)	(5,583)	541	(5,037)
Derivative instruments, net of tax of \$531, \$(37), \$891, and \$596, respectively	446	(128)	1,036	546
Other comprehensive income (loss), net	(174)	(5,711)	1,577	(4,491)
Comprehensive income	\$ 49,839	\$ 34,386	\$ 164,545	\$ 145,404

Other comprehensive income (loss), net	(174)	(5,711)	1,577
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- Definition  
Amount after tax of other comprehensive income (loss) attributable to parent entity.

+ References

- Details

Name: us-gaap\_OtherComprehensiveIncomeLossNetOfTaxPortionAttri

Namespace Prefix: us-gaap\_

Data Type: xbrl:monetaryItemType

Balance Type: credit

Period Type: duration

```
<us-gaap:OtherComprehensiveIncomeLossNetOfTaxPortionAttributableToParent
contextRef="Duration_11_1_2013_To_8_1_2014" decimals="-3"
unitRef="Unit13" >1577000< us-
gaap:OtherComprehensiveIncomeLossNetOfTaxPortionAttributableToParent>
```

A different concept is used in the stockholders' equity disclosure:

Stockholders' Equity (Details 2) (USD \$) In Thousands, unless otherwise specified	9 Months Ended	
	Aug. 01, 2014	Aug. 02, 2013
<b>Components and activity of accumulated other comprehensive loss</b>		
Balance at the beginning of the period	\$ 12,570	\$ 14,465
Other comprehensive loss before reclassifications	(91)	
Amounts reclassified from AOCL	(1,486)	
<b>Net current period other comprehensive loss (income)</b>	<b>(1,577)</b>	

- Definition  
Amount after tax and reclassification adjustments of other comprehensive income (loss).

+ References

- Details

Name: **us-gaap\_OtherComprehensiveIncomeLossNetOfTax**

Namespace Prefix: us-gaap\_

Data Type: xbrli:monetaryItemType

Balance Type: credit

Period Type: duration

Plus, the two concepts are inconsistent with each other:

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012000</us-gaap:OtherComprehensiveIncomeLossBeforeReclassificationsNetOfTax>
<us-gaap:OtherComprehensiveIncomeLossNetOfTax contextRef="Duration_11_1_2013_To_8_1_2014"
decimals="-3" unitRef="Unit13">-1577000</us-gaap:OtherComprehensiveIncomeLossNetOfTax>

```

**Filer is confusing comprehensive income and other comprehensive income**

[http://www.sec.gov/cgi-bin/viewer?action=view&cik=1331275&accession\\_number=0001262463-13-000387&xbri\\_type=v#](http://www.sec.gov/cgi-bin/viewer?action=view&cik=1331275&accession_number=0001262463-13-000387&xbri_type=v#)

Statements of Operations (USD \$)	3 Months Ended		9 Months Ended	
	Apr. 30, 2013	Apr. 30, 2012	Apr. 30, 2013	Apr. 30, 2012
<b>Income Statement [Abstract]</b>				
Sales	\$ 628,706	\$ 43,112	\$ 1,718,258	\$ 53,537
Cost of sales	564,344	38,950	1,508,957	46,381
Gross profit	64,362	4,162	209,301	7,156
<b>Operating expenses</b>				
Selling, general and administrative	62,688	49,500	233,821	100,059
Total expenses	62,688	49,500	233,821	100,009
Net operating loss	1,674	(45,338)	(24,520)	(92,903)
<b>Other income (loss)</b>				
Financing costs	(30,916)	(109,288)	(98,092)	(182,336)
Gain on settlement of debt	15,360	27,528	38,880	67,928
Gain (loss) on currency exchange rate	5,905	6,694	12,232	(8,281)
Net loss	(7,977)	(120,404)	(71,500)	(215,592)
Net loss attributed to noncontrolling interest	1,121	(658)	(8,135)	(658)
Net (income) loss attributable to Vital Products, Inc.	(6,856)	(121,062)	(79,635)	(216,250)
Other comprehensive income (loss)		(17,360)		14,328
Foreign currency translation adjustment				
Comprehensive loss	\$ (6,856)	\$ (138,422)	\$ (79,635)	\$ (201,922)

Line item says “Comprehensive loss” but concept is *us-gaap:OtherComprehensiveIncomeLossNetOfTax*. Other comprehensive income is zero, note the balance sheet below, accumulated other comprehensive income did not change, thus it proves that other comprehensive income is zero:

Foreign currency translation adjustment	Apr. 30, 2013	Apr. 30, 2012	Apr. 30, 2011
Comprehensive loss	\$ (6,856)	\$ (138,422)	\$ (79,635)
			\$ 0.00
- Definition	Amount after tax and reclassification adjustments of other comprehensive income (loss).		
+ References			
- Details			
Name:	us-gaap_OtherComprehensiveIncomeLossNetOfTax		
Namespace Prefix:	us-gaap_		
Data Type:	xbri:monetaryItemType		

Balance Sheets (USD \$)	Apr. 30, 2013	Jul. 31, 2012
<b>Current assets</b>		
Cash	\$ 9,604	\$ 1,050
Accounts receivable – related party	187,374	128,320
Inventory	187,306	115,213
Total current assets	384,284	244,583
Total assets	384,284	244,583
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	467,570	324,594
Accounts payable and accrued liabilities – related party	188,466	195,001
Provision for sales returns	11,000	2,000
Advances	88,143	86,040
Convertible notes payable, net	303,615	244,403
Advances from related parties	140,375	135,930
Total current liabilities	1,199,169	987,968
Total liabilities	1,199,169	987,968
<b>Stockholders' deficit</b>		
Common stock value	57,930	57,930
Additional paid-in capital	3,803,744	3,803,744
Accumulated other comprehensive income	47,181	47,181
Accumulated deficit	(4,708,826)	(4,629,191)
Total Vital Products, Inc. stockholders' deficit	(798,971)	(719,336)
Noncontrolling interest	(15,914)	(24,049)
Total deficit	(814,885)	(743,385)
Total liabilities and deficit	384,284	244,583

Used wrong concept:

[http://www.sec.gov/cgi-bin/viewer?action=view&cik=1094058&accession\\_number=0001193125-12-473658&xbri\\_type=v#](http://www.sec.gov/cgi-bin/viewer?action=view&cik=1094058&accession_number=0001193125-12-473658&xbri_type=v#)

Condensed Consolidated Statements of Comprehensive Loss (Unaudited) (USD \$) In Thousands, unless otherwise specified	3 Months Ended		9 Months Ended	
	Sep. 30, 2012	Sep. 30, 2011	Sep. 30, 2012	Sep. 30, 2011
Condensed Consolidated Statements of Comprehensive Loss [Abstract]				
Net loss	\$ (1,289)	\$ (1,503)	\$ (2,503)	\$ (2,737)
Other comprehensive loss:				
Foreign currency translation adjustments	1	28		(39)
Comprehensive loss	\$ (1,288)	\$ (1,475)	\$ (2,503)	\$ (2,776)

Foreign currency translation adjustments	1	28		(39)
Comprehensive loss	\$ (1,288)	\$ (1,475)	\$ (2,503)	

  

<b>- Definition</b>	
Net of tax amount of other comprehensive income (loss) attributable to both parent entity and noncontrolling interest.	
<b>+ References</b>	
<b>- Details</b>	
<b>Name:</b>	us-gaap_OtherComprehensiveIncomeLossNetOfTax
<b>Namespace Prefix:</b>	us-gaap_
<b>Data Type:</b>	xbri:monetaryItemType
<b>Balance Type:</b>	credit
<b>Period Type:</b>	duration

Per the balance sheet accumulated other comprehensive income did not change and therefore other comprehensive income is zero.

STOCKHOLDERS' DEFICIT:		
Common stock	14	14
Additional paid-in capital	106,796	106,410
Accumulated deficit	(110,283)	(107,780)
Accumulated other comprehensive income	10	10
Total stockholders' deficit	(3,463)	(1,346)
Total liabilities and stockholders' deficit	\$ 1,767	\$ 2,696

[http://www.sec.gov/cgi-bin/viewer?action=view&cik=1371310&accession\\_number=0001294606-13-000280&xbri\\_type=v#](http://www.sec.gov/cgi-bin/viewer?action=view&cik=1371310&accession_number=0001294606-13-000280&xbri_type=v#)

Neologic Animation Inc. - Statement of Operations and Comprehensive Loss (Unaudited) (USD \$)	3 Months Ended		9 Months Ended	
	Sep. 30, 2013	Sep. 30, 2012	Sep. 30, 2013	Sep. 30, 2012
Revenue	\$ 0	\$ 0	\$ 0	
<b>Operating expenses</b>				
General and administrative	22,665	20,523	46,004	48,017
Operating loss	(22,665)	(20,523)	(46,004)	(48,017)
Net loss	(36,439)	(22,199)	(68,112)	(50,789)
<b>Other comprehensive income</b>				
Foreign currency translation		1		2
<b>Total comprehensive loss</b>	<b>(36,439)</b>	<b>(22,198)</b>	<b>(68,112)</b>	<b>(50,787)</b>
- Definition			\$ 0.00	\$ 0.00
Amount after tax and reclassification adjustments of other comprehensive income (loss).			\$5,000,000	136,094,891
+ References			102	6
- Details			(21,765)	(2,778)
Name: us-gaap_OtherComprehensiveIncomeLossNetOfTax			(445)	
Namespace Prefix: us-gaap_				
Data Type: xbrli:monetaryItemType			\$ (22,108)	\$ (2,772)
Balance Type: credit				

Balance sheet did not change, therefore other comprehensive income was zero, comprehensive income and net income were the same.

Neologic Animation Inc. - Balance Sheet (unaudited) (USD \$)	Sep. 30, 2013	Dec. 31, 2012
<b>Current assets</b>		
Cash and cash equivalents	\$ 40,105	\$ 94,906
Total assets	40,105	94,906
<b>Current liabilities</b>		
Accounts payable and accrued expenses	12,170	41,417
Due to related parties	685	685
Short-term loan - third party	111,998	166,900
Short-term loan - related party	21,000	21,000
Convertible notes payable, net of discount \$50,629	12,371	
Derivative Liabilities	72,839	
Total current liabilities	231,063	230,002
<b>Stockholders' Deficit</b>		
Preferred stock, \$0.00001 par value, 100,000,000 shares authorized, none issued and outstanding	0	0
Common stock, \$0.00001 par value, 400,000,000 shares authorized, 185,000,000 shares issued and outstanding	1,850	1,850
Additional paid-in deficit	2,565	(9,685)
<b>Accumulated other comprehensive income</b>	<b>67</b>	<b>67</b>
Subscription receivable	(50,000)	(50,000)
Accumulated deficit	(145,440)	(77,328)
Total stockholders' deficit	(190,958)	(135,096)
Total liabilities & stockholders' deficit	\$ 40,105	\$ 94,906