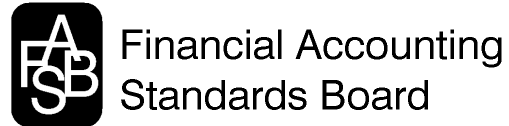


MINUTES



To: Board Members

From: Project Team (Beckendorff x229 and Chesney x447)

Subject: Minutes of the October 22, 2007
Conceptual Framework Board Meeting

Date: October 22, 2007

cc: Leisenring, Bielstein, Golden, MacDonald, Allen, Polley, Glotzer, Klimek, Lott, Gabriele, Sutay, Project Team, FASB Intranet, Upton, Hickey, Crook, Lian, Hague, Villmann, Willis, GASB: Reese, Patton

The Board meeting minutes are provided for the information and convenience of constituents who want to follow the Board's deliberations. All of the conclusions reported are tentative and may be changed at future Board meetings. Decisions become final only after a formal written ballot to issue a final Statement or Interpretation.

Topic: Phase A: Objective and Qualitative Characteristics
Phase B: Elements and Recognition

Basis for Discussion: Memorandum Nos. 67-68A

Length of Discussion: 1:00 p.m. to 1:45 p.m.

Attendance:

FASB members present: Herz, Batavick, Crooch, Linsmeier, Seidman, Smith, and Young

IASB members present: Tweedie, Jones, Barth, Cooper, Danjou, Engström, Garnett, Gélard, Leisenring, McGregor, Smith, Zhaj, and Yamada

Staff in charge of topic: Li Li Lian and Ian Hague

Other staff participating: Bielstein, Beckendorff, Bossio, Chesney, J. Johnson, L.T. Johnson, Upton, Hickey, and Villmann

Summary of Decisions Reached:

Phase A: Objectives and Qualitative Characteristics

The boards agreed that the forthcoming Exposure Draft on the objective of financial reporting and the qualitative characteristics of decision-useful information will have a comment period of 120 days.

Phase B: Elements and Recognition

The Boards continued their discussion of a working definition of an asset and tentatively decided:

An *asset* of an entity is a present economic resource to which, through an enforceable right or other means, the entity has access or can limit the access of others.

Amplifying text accompanying the asset definition will describe *economic resource, enforceable right, and other means*.

Objective of Meeting:

The objective of the meeting was to determine the comment period for the Phase A Exposure Draft and to discuss possible revisions to the working asset definition. The objective of the meeting was met.

Matters Discussed and Decisions Reached:

ISSUE 1: COMMENT PERIOD FOR PHASE A EXPOSURE DRAFT

Staff Recommendation

1. The staff recommended that the Exposure Draft have a public comment period of 120 days.

Board Tentative Decision

2. The Boards unanimously supported the staff's recommendation.

Board Comments

3. Mr. Yamada stated that, while he preferred a 150-day comment period, he would accept a 120-day comment period. He noted that the Exposure Draft should have a comment period that is at least as long as the Preliminary Views/Discussion Paper 120-day comment period. Mr. Engström indicated that he would be willing to be more generous and suggested 180-day comment period.

ISSUE 2: WORKING ASSET DEFINITION

Staff Recommendation

4. Ian Hague stated that, during the IASB and FASB's separate meetings the previous week, the Boards had agreed that:
 - a. The definition should focus on a present economic resource, rather than on future economic benefits
 - b. The assessment of likelihood should be removed from the definition
 - c. The definition should focus on the present, rather than on past transactions or other events.
5. He stated that the Boards also agreed that there was a need to clarify the notion of *other access*. Mr. Hague informed the Boards that one additional suggestion about wording had emerged from the FASB meeting, namely that an entity presently had an 'enforceable' right to the present economic resource. He confirmed that the IASB did not disagree with that suggestion.
6. Mr. Hague stated that the decisions made at the separate meetings led to the first part of the definition as described in paragraph 4 of the memo and that today's discussion would focus on the link between the entity and an economic resource. An enforceable right, he stated, had two aspects; access to the economic resource and protection from others using the resource. Mr. Hague stated that the staff had attempted to build those notions into the notion of *other access* as well. However, he noted that the staff had difficulty incorporating both notions into a single sentence. Thus, he stated that the staff thinks the answer is to keep the definition simple and explain the key terms in amplifying text. The proposed definition discussed at the meeting read as follows:

An asset of an entity is a present economic resource to which the entity presently has an enforceable right or other access that others do not have.

An economic resource is something that is scarce and capable of producing cash inflows or reducing cash outflows, directly or indirectly, alone or together with other economic resources.

An enforceable right establishes access by the entity to the present economic resource and protects against access to that

economic resource by others. Rights are legally enforceable or enforceable by equivalent means.

Access that others do not have establishes access by the entity to the present economic resource while access to the economic resource by others is protected.

Board Tentative Decision

7. After further discussion, the Board decided that:

An asset of an entity is a present economic resource to which, through an enforceable right or by other means, the entity has access or can limit access by others.

Board Comments

8. Tatsumi Yamada asked whether it was clear that the use of *other access that others do not have*, is meant to refer to access and not to the enforceable right (which by definition others did not have) and that notion alone does, in fact, establish that the entity has access.
9. Jim Leisenring questioned why the word “present” was necessary, as he could not see how one could have an enforceable right that was not present – he stated that the second “presently” should be taken out of the definition. Mr. Leisenring also stated that the phrase “that others do not have” was going to cause problems because it implied an exclusivity that did not necessarily exist. He stated that he believes the Boards were weakening the asset definition in their attempt to avoid the notion of controlled access to something. John Smith stated that he agreed with some of Mr. Leisenring’s views and stated that the use of the word ‘others’ was confusing (both in the definition and the amplifying text).
10. David Tweedie noted that the current asset definition, which focuses on control, is relatively self contained. He questioned whether the new definition was an improvement, as it required amplifying text to be understood. Todd Johnson noted that control was, in fact, not well understood (which was why the Boards had decided to avoid using it).
11. Tom Linsmeier stated that the follow-up phrase regarding “others” was not helpful as it did not clearly convey that an entity might be linked to an economic resource as a result of the economic resource being protected by secrecy or other barriers to access. Warren McGregor stated that he agreed

with Mr. Linsmeier and that he supported stopping the definition at *other access* and allowing the amplifying text explain what other access meant. Gilbert Gélard agreed.

12. Bob Herz suggested the following definition: “An asset of an entity is a present economic resource to which the entity has access through an enforceable right or by other means.” He stated that he felt the notion of exclusivity was sufficiently embedded in the scarcity notion associated with an economic resource.
13. Several Board members, including Tatsumi Yamada and Mary Barth, were still concerned that “access” only conveyed having access to an economic resource. That is, they think that “access” alone did not sufficiently clarify that access also is meant to encompass the notion of limiting third party access to the economic resource. Todd Johnson noted that paragraph 9 of the memo explains that the intended use of access is meant to entail both establishing access and protecting it. David Tweedie stated that the word “access” is not currently interpreted that way, and that the staffs’ redefining of the word “access” could cause confusion.
14. Mary Barth and Jim Leisenring proposed the following definition: “An asset of an entity is a present economic resource to which, through an enforceable right or by other means, the entity has access or can limit access by others.”

Follow-up Items

None

General Announcements

None