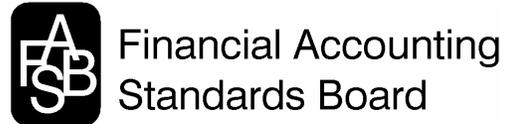


MINUTES



To: Board Members

From: Financial Performance Reporting by Business Enterprises team (Sullivan, ext. 279 and Lusniak, ext. 214)

Subject: Minutes of April 21, 2005 Joint Board Meeting **Date:** May 13, 2005

cc: Bielstein, Smith, Petrone, Leisenring, Team, Bullen, T. Johnson, Lott, Mahoney, Thompson, Gabriele, and Sutay; Swift and Polley (FASAC); Bean and Patton (GASB), FASB Intranet, and via email: Upton, Barker, and Zaman (IASB); Cook (ASB)

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: Required Financial Statements & Comparative Financial Statements

Basis for Discussion: Agenda Papers 2, 2A, and 2B

Length of Discussion: 2 hours and 15 minutes

Attendance:

Board members present: Herz, Batavick, Crooch, Schipper, Seidman, Trott, and Young

IASB members present: Tweedie, Barth, Bruns, Cope, Engstrom, Garnett, Gelard, Jones, Leisenring, McGregor, O'Malley, Smith, Whittington, and Yamada

Staff in charge of topic: Sullivan (FASB), Zaman (IASB)

Other staff at Board table: Bielstein, Lusniak; Kawanishi (FASB); Suzuki, Barker, Upton (IASB);

Outside participants: None

Summary of Decisions Reached:

1. At their joint meeting, the FASB and IASB (collectively, the Boards) agreed on the path forward for the performance reporting project including the type and timing of future public discussion documents. The Boards agreed that the goals associated with the project have such different characteristics that the work should continue to be performed in segments. A description of issues included within each segment can be found in the performance reporting project update on the IASB Website.

Segment A – Convergence

2. Segment A focuses on convergence on the required financial statement requirements. The Boards decided:
 - a. That a full/complete set of financial statements includes:
 - (1) A statement that shows balances of assets, liabilities, and equity at the beginning of the period—referred to as a **Beginning of the Period Statement of Financial Position**.
 - (2) A statement that shows balances of assets, liabilities, and equity at the end of a period—referred to as the **End of the Period Statement of Financial Position**.
 - (3) A statement that shows the changes in assets and liabilities occurring during the period, other than those arising from transactions with owners in their capacity as owners. That statement would include the currently required subtotal net income/profit or loss in FASB/IASB standards—referred to as a **Statement of Earnings and Comprehensive Income**.
 - (4) A statement that shows the changes in assets and liabilities occurring during the period arising from transactions with owners in their capacity as owners—referred to as a **Statement of Changes in Equity**.

- (5) A statement that shows inflows and outflows of cash occurring during the period—referred to as a **Statement of Cash Flows**.
- b. That each individual financial statement within the full set of financial statements would be shown with equal prominence.
 - c. 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/profit or loss.
 - d. To require comparative information consisting at a minimum of full sets of financial statements for two annual periods (the current and prior annual period). This would mean an entity would present three statements of financial position and two statements of earnings and comprehensive income, statements of changes in equity, and statements of cash flows.
 - e. Not to provide guidance on the presentation of financial information beyond the required minimum (i.e., full sets of financial statements for two annual periods) that an entity might provide voluntarily.
 - f. To exclude from the scope of this project issues that would address the content of information in the notes to financial statements (other than consequential amendments).
 - g. To exclude from the scope of this project issues that would address the content of information in interim financial statements (other than consequential amendments). (IASB only). The FASB will separately consider the impact of joint decisions on financial reporting for interim periods in the United States.
 - h. To publish a single Exposure Draft for Segment A issues; through use of the Exposure Draft and public meetings and communication documents, to explain fully the rationale for and benefits of the proposed changes to financial statements; and to hold roundtable meetings for public discussion of the Exposure Draft.
 - i. Based on these Segment A decisions, the Exposure Draft for Segment A will include:

- (1) The definition of a full set of financial statements and their prominence in a financial statement package
 - (2) Requirements for the statement of earnings and comprehensive income
 - (3) Required number of full sets of financial statements for annual periods.
- j. Although the proposed Exposure Draft for Segment A will be a single document for both Boards, the final standard would amend IAS 1, *Presentation of Financial Statements* (IASB), and create a new standard for the decisions made in Segment A (FASB).

Segment B – Fundamental Reconsideration

3. Segment B focuses on more fundamental reconsideration of presentation and display issues for all financial statements, including the recycling and disaggregation issues. On the Segment B topics, the Boards decided:
- a. To develop a single standard under Segment A and Segment B that would apply broadly to all entities. The scope of the FASB standard, however, would exclude not-for-profit organizations.
 - b. To first develop standards of presentation and display that would apply broadly to all for-profit entities other than financial institutions. Second, to consider the application of those standards to financial institutions.
 - c. To select financial institution members for the subgroup of the Joint International Group on performance reporting. This subgroup will be formed from nominations received during the JIG nomination process in 2004, as well as from existing members of the IASB's working groups on financial instruments and insurance.
 - d. To include in Segment B consideration of SFAS 95, *Statement of Cash Flows*, and IAS 7, *Cash Flow Statements*, including whether to require use of the direct or indirect method and disaggregation and categorization issues.

4. The Boards will continue to explore in Segment B the issues of recycling, disaggregation, and related issues (including reconsideration of the statement of cash flows).