

## MINUTES



Financial Accounting  
Standards Board

**To:** Board Members

**From:** Financial Statement Presentation Team (Jones, x384)

**Subject:** Minutes of April 22, 2010, Board Meeting; Financial Statement Presentation **Date:** April 22, 2010

**cc:** FASB: Golden, Bielstein, Lott, Stoklosa, Proestakes, Glotzer, C. Smith, Mechanick, Klimek, McGarity, Posta, Chookaszian, Gabriele, Sutay, Petrone, Cafini, Cappiello, Hales, Debbeler, Jones, FASB Intranet

*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 an Accounting Standards Update or a Statement of Financial Accounting Concepts.*

Topic: Sweep issues from preballot draft

Basis for Discussion: FASB Memorandum No. 81

Length of Discussion: 8:45AM to 9:20AM

Attendance:

Board members present: FASB: Herz, Linsmeier, Seidman, Siegel, Smith; IASB: Leisenring (in Norwalk)  
IASB: Tweedie, Cooper, Danjou, Engström, Finnegan, Gélard, Gomes, McConnell, McGregor, Scott, Smith (in London); Garnett, Kalavacherla (by phone); Yamada (in Japan)

Board members absent: Zhang (IASB)

Staff in charge of topic: Kim Petrone

Other staff at Board table: Cafini, Cappiello, Debbeler, and Jones (in Norwalk) Gomez and Perkovich (in London)

Outside participants: None

**Type of Document and Timing Based on the Technical Plan:**

The Board met to discuss issues relating to the development of an Exposure Draft addressing financial statement presentation.

The Board's technical plan calls for that document to be issued in May 2010.

**Summary of Decisions Reached:**

At their April joint meeting, the Boards discussed issues that had been raised in drafting the Exposure Draft on financial statement presentation.

*Unusual or Infrequently Occurring Items*

U.S. GAAP currently requires the presentation of unusual or infrequently occurring items in the statement of comprehensive income and disclosure of related information in the notes to financial statements; however IFRS does not have similar requirements. The Boards agreed to include those requirements in the forthcoming Exposure Draft.

*Guidance on Classifying Short-Term Assets and Liabilities*

Both U.S. GAAP and IAS 1, *Presentation of Financial Statements*, include application guidance on the classification of assets and liabilities as current (short-term) or noncurrent (long-term) in the statement of financial position. The Boards decided not to include that application guidance in the Exposure Draft because the requirement in the Exposure Draft for classification of assets and liabilities as short-term or long-term should be sufficient.

*Classification of Debt*

U.S. GAAP and IAS 1 include different guidance for the classification of financial liabilities. The Boards agreed to consider addressing those differences in a separate project. Consequently, the IASB's forthcoming Exposure Draft on financial statement presentation will retain the guidance in IAS 1 on classification of financial liabilities, and the FASB's Exposure Draft will retain the classification guidance in Topic 470, *Debt*, of the *FASB Accounting Standards Codification*<sup>TM</sup>. The Boards noted that any change to their existing guidance on classification of financial liabilities resulting from a potential separate project would be incorporated into the final standard on financial statement presentation.

*Mixed Presentation in the Statement of Financial Position*

IAS 1 (paragraph 65) includes guidance on how an entity can use a mixed basis of presentation in the statement of financial position. This mixed basis permits some assets and liabilities to be classified using a short-term/long-term

distinction, and for other assets and liabilities to be classified in order of liquidity. The Boards agreed to retain that guidance in the Exposure Draft and to clarify its application.

*Supplemental Cash Flow Information*

The Boards agreed that both the reconciliation of operating income and cash flows and the presentation of non-cash transaction information should be an integral part of the statement of cash flows and not be disclosed in the notes instead.

*Other Disclosures from IAS 7, Statement of Cash Flows*

IAS 7 (paragraph 50) encourages disclosure of the following information:

- a. The amount of undrawn borrowing facilities that may be available for future business activities and to settle capital commitments
- b. The amount of cash flows that represent increases in operating capacity and the amount of cash flows that are required to maintain operating capacity
- c. The amount of cash flows arising from activities of each reportable segment.

The Boards agreed that the Exposure Draft will include (a) as a required disclosure but will not include (b) or (c). The FASB noted that, as previously decided, its Exposure Draft will require disclosure of operating cash flows by reportable segment.

*Should Sections and Categories Be in the Same Order on All Statements?*

The Boards agreed that the Exposure Draft will:

1. Not prescribe the order in which an entity presents its sections and categories in the financial statements.
2. Clarify that an entity should try to align the sections and categories across the statements but choose an order that produces the most understandable depiction of its activities and allows for presentation of meaningful subtotals and totals.

**General Announcements:** None