

MINUTES



To: Board Members

From: Financial Statement Presentation Team (Jones, x384)

Subject: Minutes of March 10, 2010, Board Meeting; Financial Statement Presentation **Date:** March 10, 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; IASB: Leisenring, Gomez, Schmidt, Perkovich, Matabe

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: Phase A decisions, IAS 1, and IAS 7

Basis for Discussion: FASB Memorandum No. 79

Length of Discussion: 9:30AM to 10:15AM

Attendance:

Board members present: Herz, Linsmeier, Seidman, Siegel, Smith

Board members absent: None

Staff in charge of topic: Petrone

Other staff at Board table: Cafini, Cappiello, C. Smith, Debbeler, Golden, Hales, Jones

Outside participants: McConnell (IASB member) and Gomez (IASB staff) by video

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 April 2010.

Summary of Decisions Reached:

The FASB and the IASB are conducting this joint project in phases. The IASB finalized certain changes to its presentation standard (IAS 1, *Presentation of Financial Statements*) in 2007. Those changes include requiring that:

1. A complete set of financial statements comprise:
 - a. A statement of financial position as at the end of the period
 - b. A statement of comprehensive income for the period
 - c. A statement of changes in equity for the period
 - d. A statement of cash flows for the period
 - e. Notes, comprising a summary of significant accounting policies and other explanatory information
 - f. A statement of financial position as at the beginning of the earliest comparative period when a reporting entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements.
2. An entity present with equal prominence all of the financial statements in a complete set of financial statements.
3. An entity present comparative information in respect of the previous period for all amounts reported in the current period's financial statements.

The Board had previously agreed with all those requirements except (f). In their prior discussions, both Boards had agreed that a statement of financial position as at the beginning of the period should *always* be presented as part of a complete set of financial statements. In finalizing the changes to IAS 1 in 2007, the IASB decided that a statement of financial position as at the beginning of the earliest comparative period should only be presented in certain circumstances (as described in (f) above). The Board agreed to make a similar change. With that modification, the Board affirmed the inclusion of the above requirements in its Exposure Draft on financial statement presentation planned for issuance in April 2010 (5-0). Those requirements would not override the SEC's requirements for presenting comparative information as set forth in Regulation S-X.

The Board also affirmed its prior tentative decision that an entity should not present the effects of extraordinary, unusual, and infrequently occurring events and transactions as a functional category in the statement of comprehensive income as currently required under *FASB Accounting Standards Codification*[™] Subtopic 225-20, Income Statement—Extraordinary and Unusual Items (originally issued as APB Opinion No. 30) (5–0).

The Board decided that only the following paragraphs from IAS 1 should be included in the FASB's forthcoming Exposure Draft (modified as necessary to be consistent with U.S. GAAP and to be consistent with decisions made in this project) (5–0):

1. Frequency of reporting (paragraphs 36 and 37, except the first sentence in paragraph 36)
2. Comparative information (paragraphs 40–44)
3. Materiality (paragraphs 29–31)
4. Consistency of presentation (paragraphs 45 and 46)
5. Information about share capital (paragraphs 79 and 80)
6. Disclosure of the measurement basis or bases used in preparing the financial statements in the summary of significant accounting policies (paragraphs 117(a) and 118).

As a result of those decisions, the FASB's Exposure Draft will not include the following IAS 1 paragraphs:

1. Fair presentation (paragraphs 15–24)
2. Going concern (paragraphs 25 and 26)
3. Accrual basis of accounting (paragraphs 27 and 28)
4. Structure of the notes to financial statements (paragraphs 112–116)
5. Disclosure of estimation uncertainty (paragraphs 126–133)
6. Capital disclosures (paragraphs 134–136)
7. Other disclosures (paragraphs 136A, 137, and 138).

General Announcements: None