

MINUTES



Financial Accounting Standards Board



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To: Board Members

From: Benson (ext. 446)

Subject: Minutes of the October 23, 2006 joint
FASB/IASB Board Meeting: Conceptual Framework

Date: November 1,
2006

cc: Leisenring, Bielstein, Smith, MacDonald, Allen, Polley, Glotzer, Carney,
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 C: *Measurement*—Measurement Bases; Procedures for Finalizing the Framework; Project Status and Plans, with a focus on Phase B: *Elements and Recognition*

Basis for Discussion: FASB Memorandum Numbers 35-41 (IASB Agenda Papers 2, 2A, 2B, 2C, 2D, 2E, 2F)

Length of Discussion: 10:45 a.m. to 12:15 p.m.

Attendance:

Board members present: FASB: Herz, Batavick, Crooch, Linsmeier, Seidman, Trott, and Young
IASB: Tweedie, Jones, Barth, Bruns, Cope, Garnett, Gélard, Leisenring, McGregor, O'Malley, Smith, and Yamada

Board members absent: Engström

Staff in charge of topics: McBeth, Benson, Bossio, Hague

Staff at Board table: Bielstein, Johnson, Abbate, Wilks, McBeth,
Upton, Hickey, Hague, Villmann, Bossio,
Benson

Other participants: Lian, Willis (by phone)

Summary of Decisions Reached:

At the joint IASB/FASB meeting, the Boards discussed:

- (1) Procedures for finalizing the common conceptual framework
- (2) Project status and near-term plans, with a focus on the elements and recognition phase
- (3) Measurement bases in an introduction to Milestone I of Phase C: *Measurement*.

The Boards agreed that each Board, within the context of its current GAAP hierarchy, will finalize the common framework as parts (chapters) are completed and noted that later parts may include consequential amendments to earlier parts. The Boards noted that the decision of how to finalize the joint framework may need to be readdressed when the Boards discuss the placement of the framework within the IASB and FASB hierarchies.

Regarding Phase B: *Elements and Recognition*, the Boards supported the staff's plan to consult with selected informal technical experts, as well as their Advisory Committees, concerning the definition of an asset while at the same time continuing work on remaining milestones within Phase B. The Boards were also updated on the status and near-term plans for the framework project.

The Boards discussed an inventory of current and proposed measurement bases for assets and liabilities, including new or revised terminology and definitions that might alleviate problems of communicating about measurement bases during the conceptual framework project. The Boards generally supported the staff's work, but made no decisions about the inventory or terminology. The staff will continue to work on the inventory and terminology. Those items also will be included in the measurement roundtable discussions scheduled for January and February 2007. After the roundtables and further refinement by the staff, the material discussed at the joint meeting will be taken to the Boards again for their decisions.

Objective of Meeting:

The objectives of the meeting were to reach decisions on (1) procedures for finalizing the framework, and (2) certain plans for Phase B: *Elements and Recognition*. In addition, the staff reported on the status of the active phases of the project and the Boards discussed current and proposed measurement bases for assets and liabilities, but no decisions were required for those matters. The objectives of the meeting were met.

Matters Discussed and Decisions Reached:

1. Mr. Bossio suggested that the Boards discuss the measurement papers first and then the procedures for finalizing the common conceptual framework. If time permits, the staff will then report on the status of the active phases of the project and certain near-term plans for the elements and recognition phase.

Phase C: *Measurement—Measurement Bases*

2. Mr. McBeth led the discussion concerning current and proposed measurement bases. He stated that the objectives of the first milestone of Phase C: *Measurement* are to (1) inventory those items currently used as measurement bases and those items that are proposed as measurement bases; and (2) clarify language used to describe different measurement bases. In the past, constituents and Board members have used the same term to describe multiple bases, and multiple terms to identify the same measurement basis.
3. Mr. McBeth stated that the staff thinks prices and values represent the basic building blocks of economic decision-making. As such, the staff has incorporated a discussion of prices and values into its work concerning the first milestone. In addition, the staff has analyzed three groups of measurement bases: (1) historical, (2) current, and (3) future-oriented measurement bases.

4. Mr. McBeth added that in the second milestone, the staff will evaluate the different measurement bases using the qualitative characteristics that relate to decision-usefulness. He stated that no formal decisions are required of the Boards at this meeting but the staff would like the Boards to comment on the measurement bases analysis undertaken by the staff to date.
5. Mr. Batavick stated that in its discussion of prices and values, the staff states that *value* is based on a particular entity's utility for a good or service. He asked if the staff plans to address the value of rights along with the discussion of goods and services. Mr. McBeth responded affirmatively, stating that the staff will include a discussion of rights.
6. Mr. Leisenring stated that he does not think that future values and future prices exist in the present. Past prices and values and current prices and values can be identified in the present. There *will be* future prices and values, but there is no use to identifying future prices and values as they have not yet occurred.
7. Mr. Leisenring asked Mr. McBeth whether the staff thinks the IASB should distinguish *value* from *price* in its upcoming exposure document on fair value measurements, as there is currently no distinction between *value* and *price* in the IASB's upcoming exposure draft or FASB Statement No. 157, *Fair Value Measurements*. Mr. McBeth stated that such a decision should be made by IASB members. Mr. Leisenring asked Mr. McBeth why the staff made the distinction between *values* and *prices* in its discussion of measurement bases. Mr. McBeth responded that such a distinction will help the Boards in making decisions concerning the second milestone of Phase C. Mr. Upton questioned whether it would be useful to include a discussion of *prices* versus *values* within the IASB's fair value document, as such a discussion may create confusion and distract from the purpose of the document.
8. Mr. Trott stated that he does not think such a discussion is necessary at the standards-level. He noted that he thinks the staff is attempting to use

new terms to define measurement bases at the conceptual level to separate the definitions from standards-level baggage. Trying to introduce new language in a standards-level document would not be useful. He stated that the staff's analysis of measurement bases raised issues concerning the qualitative characteristics. He agreed with the staff's analysis that prices are objective, while values are subjective. However, he does not agree that all prices are concrete at any measurement point, regardless of whether a transaction takes place. He stated that he thinks prices are hypothetical if one tries to determine a price at a point in time other than a transaction date. Concerning the staff's objective of clarifying language used to describe measurement bases, he suggested that the staff develop a table that identifies the new term, its definition, and old terms that people have used in place of the new term. Such a table will help the Boards use more precise language in the future.

9. Mr. Linsmeier stated that the staff's analysis will change many terms within GAAP literature. For instance, references to *net realizable value* and *replacement cost* would change. The language changes identified by the staff will help the Boards contemplate the usefulness of the new terms in meeting the objective of using clearer, more precise terms. Mr. Herz added that the staff has attempted to inventory terminology currently used in practice, and the staff's work shows the complexity of developing a common set of measurement bases.
10. Mr. McGregor stated that he thinks the question of whether or not to include a discussion of prices versus values within the IASB's fair value document is a question for the IASB members, not the staff of the conceptual framework project. He stated that the IASB's exposure document includes a question for constituents concerning the use of the term *fair value* versus *entry* and *exit values*. Though the exposure document does not specifically raise the question of *value* versus *price*, it does ask constituents to comment on the use of terms in relation to fair value measurement. Mr. Leisenring responded that he is not trying to

- raise the issue of *entry* versus *exit* prices; he is simply raising the question of *value* versus *price*. He is concerned that the standards-level documents misuse the terms *value* and *price* according to the staff's most recent analysis of measurement bases.
11. Ms. Seidman noted that the FASB Board was not aware of the nuance between *value* and *price* when Statement 157 was written. Mr. McGregor stated that the IASB has been trying to use terms more precisely in their deliberations concerning the standards-level fair value document, and thus he thinks the staff's clarification is helpful. However, it is too early to decide whether the distinction between *value* and *price* should be included in the IASB's exposure document on fair value. The IASB must determine the implications of doing so before it can decide whether or not to include that discussion in the exposure draft.
 12. Mr. Tweedie asked Mr. McBeth to expand upon the discussion of the staff's goals of the first milestone of the measurement phase. How is the staff going to go about eliminating some of the identified measurement bases? Is the staff going to remove several of the bases, or keep most of the bases? Mr. McBeth responded that currently, the staff's intention is to keep all of the measurement bases identified through the first milestone. The staff does not plan to discard any of the measurement bases yet because the staff must first develop a basis with which to eliminate the extraneous measurement bases. Mr. Tweedie asked Mr. McBeth if the staff has contemplated the criteria for elimination. Mr. McBeth responded affirmatively, stating that in the second milestone of the project the Boards will be asked to consider and determine the application of those criteria. For the first milestone, the staff wants to reach a common ground regarding the terminology and definitions of measurement bases to aid in subsequent discussions concerning measurement issues related to the second and third milestones.
 13. Ms. Barth stated that it would be helpful to have a definition of *measurement basis*. She noted that the inventory of measurement bases

is helpful, but it would be helpful to understand what *measurement basis* means, and what the Boards are trying to measure with each basis. It may be helpful to decide what real world economic phenomena the Boards are trying to measure. Otherwise, the Boards may identify some measurement bases that do not actually measure any real world economic phenomena, and thus are not faithfully representative. If some of the measurement bases do not actually measure anything, such a distinction may be a guide in determining the bases that should be eliminated. In addition, she stated that some of the names tentatively given to different measurement bases by the staff are not intuitive. She stated that it may be more helpful for the Boards to name the different measurement bases after some are eliminated so there is a more concise list of bases. The Boards could then identify how the different bases on that list differ.

14. Mr. McBeth responded that the staff can work to make the list of measurement bases more concise based on feedback from the Boards. Then, elimination of some of the measurement bases can take place early in the next milestone. Currently, the staff plans to introduce an analysis of issues relating to the second milestone after the roundtables in January and February of 2007. That analysis will distinguish between measurement, forecasting, calculation, and other terms, and will describe what properties measurement bases should contain. Also, the staff will expand on the concept of decision-usefulness and frame decision-making around common economic decisions. After such discussion, the Boards will analyze each measurement basis according to the qualitative characteristics.
15. Mr. Linsmeier stated that in terms of using the label *price*, he does not agree with the attribute *combined price*, as it seems quite remote from the concept of *price*. Once one accumulates, allocates, and depreciates, that calculation does not seem to be a *price* anymore. Mr. McBeth agreed, and stated that the staff is open to suggestions on improving any of the measurement bases.

16. Mr. Tweedie asked whether the staff plans to eliminate measurement bases or simply develop an inventory of measurement bases and ask constituents and Board members to comment on which ones they find most appropriate for measurement and remeasurement. Mr. McBeth responded that the staff wants to remain neutral on the issues of what measurement bases should be used for initial measurement and remeasurement until the Boards have agreed on common definitions for each measurement basis. The staff does not intend to simply ask constituents and Board members to comment on different measurement bases. However, the staff thinks it will be valuable to ask whether it has identified (1) all of the issues that should be dealt with during the measurement phase, and (2) the measurement bases that should be considered.
17. Mr. Yamada stated that he thinks the distinction between *prices* and *values* is good but, like Mr. Leisenring, he noted that the *future* measurement bases do not seem to be used in financial statements. He asked if the staff intends to cover measurement bases for management commentary and other financial reporting, rather than measurement bases solely for financial statements. Mr. McBeth stated that, at this time, the staff is focusing on addressing measurement bases used in financial statements (Phase E of the project will address the boundaries of financial reporting). Concerning the use of future measurement bases in financial statements, the staff thinks that, in some circumstances, people do indeed use such bases within financial statements. For example, the staff thinks that *future net exit price* is currently used when people measure work-in-process inventory.
18. Mr. Gélard responded that he does not think people use future prices in such a situation. Rather, people use the present price as if the inventory was completed at the present point in time. Mr. McGregor stated that he thinks the staff is correct that *future net exit price* is used in financial statements. For example, the insurance industry measures claims

- liabilities at a future most-likely amount. Mr. McBeth stated that the staff thinks many people value liabilities using future measurement bases.
19. Mr. Trott stated that, concerning many of the measurement bases, there are a number of common themes that are either included or excluded in each measurement basis, such as transaction costs. Some measurement bases are based on current future expectations, some include different attributes of the asset or liability (like location), and some focus on an individual, stand-alone asset or liability. He stated that he thinks the allocation and combination terminology used in the staff analysis is confusing. Everyone will benefit from a crib sheet containing each term, definition, and an indication of whether each term includes or excludes transaction costs and other attributes.
 20. Mr. Bruns stated that the papers are enlightening but he is concerned about the terms used, as the staff's focus seems to be on Anglo-American literature. The German accounting literature contains terms developed in the 1950's, and those terms and definitions are different than those identified in the staff analysis. The staff needs to identify terms developed in non-Anglo-American countries, and understand the background and development of those terms. Mr. McGregor agreed that the analysis needs to be broadened in terms of language and coverage. A considerable amount of work has been done in Europe concerning measurement bases as they relate to cost accounting, and it will be helpful for the staff to analyze that work.
 21. Mr. Leisenring stated that he thinks that the staff needs to make sure it is consistent in defining different measurement bases. For example, the staff defined *price* as exclusively in the past-tense, because a transaction has to have existed and be observed to have a price. However, the staff also discusses *future prices*. A *future price* can only be a calculation of an expectation. He stated that he thinks it would be better not to call such calculations *prices*. There are *prices* and *values* at certain points in time that can be measured at entry or exit. Then there are many derivations of

those entry and exit prices and values that cannot be described as measurement bases, unless a measurement basis is simply any calculation that appears on a financial statement. He stated that he does not find it helpful to allow any number on a financial statement to represent a measurement basis. Ms. Barth suggested the staff consider whether it would help to focus on the measurement objective.

22. Mr. Gélard asked what was meant by the term *remeasurement*. A remeasurement should result in something being measured. However, that is not always true. A depreciated asset is measured when it is acquired, but the depreciation afterwards is simply an allocation. The Boards must be clear concerning what is meant by *measurement* and *remeasurement*. Every line item in a financial statement does not represent a measurement. A line item may have represented a measurement basis at some point in time, but it may no longer represent a measure if it is more a result of an allocation.
23. Mr. Tweedie suggested the staff contact academics, including Geoff Whittington, concerning measurement bases used in non-Anglo countries. He stated that concerning the inventory of measurement bases, he would like the staff to analyze the central features of all of the measurement bases and group measurement bases based on those central features. A matrix showing which measurement bases have which features will help clarify the inventory of measurement bases.
24. Ms. O'Malley stated that there seem to be families of measurement bases that could be identified by the staff. It would be useful to identify collections (groupings) of measurement bases that have similar notions and themes. If the staff can sort the measurement bases into larger collections with common characteristics, it would help the Boards and staff understand the different measurement bases and their key characteristics.
25. Ms. O'Malley stated that, concerning some of the descriptions of measurement bases, the proposed definitions do not capture the richness of differences between measurement bases that the staff attempted to

portray. For example, the definition of the “single point future best estimate” notion is too short to capture the critical distinction of that definition. It is important to relay that the “single point future best estimate” is the single most likely outcome in the future, as opposed to a probability. In simplifying the definitions, the staff has lost the critical meanings of many measurement bases that help people distinguish one measurement basis from another. Mr. Herz suggested the staff develop a set of common examples to illustrate the distinctions between measurement bases.

26. Mr. Tweedie stated that the measurement phase of the conceptual framework project is unlike many of the other phases in that there is very little current guidance concerning measurement in the IASB’s conceptual framework and the FASB’s concepts statements. He asked Mr. McBeth if the discussion paper for the measurement phase will address various proposals and outline pros and cons of each proposal, as opposed to addressing one proposal that the Boards favor. Mr. McBeth responded that the staff analysis relating to the first milestone of the measurement phase possibly may not appear in the basic content of the measurement chapter of the conceptual framework. The staff’s analysis may appear in the basis for conclusions or disappear, as the goal of the first milestone is to help the Boards develop a common ground for discussing issues related to the second milestone.
27. Mr. Tweedie asked Mr. McBeth whether the staff plans to address several proposals in the discussion paper and ask constituents for their opinions, or clearly state which proposal the Boards and staff think is most appropriate. Mr. McBeth responded that it is unclear what form the discussion paper will take at this point in time. Mr. McGregor stated that he expects the discussion paper will be fairly discursive and contain a detailed discussion of measurement bases that the Boards think are candidates for inclusion in the final set of measurement bases. Mr. McBeth added that he thinks there may need to be a large amount of

background material to explain the proposed measurement bases. Thus, the discussion paper for the measurement phase may not look like most other discussion papers.

28. Mr. Bossio stated that there are three significant milestones within the measurement phase. Unlike some of the other phases, the measurement phase will have a discussion paper and a preliminary views document before proceeding to an Exposure Draft and ultimately a single chapter for the phase. The staff contemplates an iterative process that builds on each of the earlier milestones and documents.
29. Mr. Tweedie asked if there were any further questions on the measurement papers. Mr. Leisenring asked why the term “in the due course of business” appears in the staff analysis and what the term means. Mr. McBeth responded that the staff lifted that language from standards-level guidance regarding net realizable value. He added that the staff may need to remove such language.
30. Mr. Bossio stated that one purpose of the measurement bases papers and staff analysis is to prepare materials for upcoming roundtables that will be held in January and February of 2007. He asked the Boards whether the staff may proceed using the current analysis (as amended to incorporate Board members’ specific suggestions), or if it is necessary for the staff to research other countries’ measurement bases before proceeding to roundtables.
31. Mr. McGregor responded that he thinks the staff may proceed with the draft materials for the roundtables to gather constituent input. He stated that the roundtables may help the staff understand different measurement bases used around the world. He noted that the Dutch have undertaken a measurement project in the past, and recommended that the staff identify a Dutch academic for input.

Procedures for Finalizing the Common Conceptual Framework

32. Ms. Benson led the discussion concerning finalizing the conceptual framework. She stated that the staff thinks the Boards should consider the process they will follow in finalizing the new common framework or its chapters so that process can be communicated to their constituents prior to or concurrent with the release of the first Exposure Draft of a chapter of that framework. As part of their considerations, the staff thinks that the Boards must consider whether to issue the new common conceptual framework as a single document after completion of all project phases, or issue each chapter as the Boards complete their final round of redeliberations and balloting for the chapter. The staff recommends that the Boards tentatively approve finalization of the framework by chapter, within the context of their current hierarchies, with the understanding that the Boards may need to readdress the finalization issue when they address the standing of the framework within their respective hierarchies.
33. Mr. Tweedie stated that he agrees with the staff recommendation. Originally, he thought that the Boards would issue exposure drafts of each part, then an omnibus exposure draft of the entire conceptual framework, and finally issue the final document as a whole. However, he stated that he was persuaded by the staff recommendation to finalize the conceptual framework by chapter, with the understanding that the Boards may need to readdress and amend certain chapters after they are finalized.
34. Mr. Linsmeier stated that he agrees with the staff recommendation to finalize chapters. As chapters are finalized, if there are issues in previously-finalized chapters that must be readdressed, those chapters should be amended and re-exposed on an on-going basis, along with the newly finalized chapters.
35. Ms. Seidman stated that she generally agrees with the staff recommendation. However, one of the most controversial and least-understood changes that the Boards will potentially discuss is the role of uncertainty, and whether it belongs within the elements, recognition, or

measurement chapters. Thus, while chapters should generally be exposed separately, there may be certain chapters that should be exposed together.

36. Mr. Yamada asked for clarification regarding the meaning of *finalize*. He stated that to him, the staff's recommendation means that the Boards will not issue an omnibus, finalized conceptual framework, but rather issue chapters of the framework as each chapter is complete. The staff affirmed Mr. Yamada's statement. Mr. Crooch added that the "finalized" chapters are not truly final, since the Boards may need to amend previously-finalized chapters.
37. Mr. McGregor stated that he agrees with the staff recommendation. He noted that the Boards may have created a potential problem in its decision to address not-for-profit entities after addressing business entities. He stated that such an approach may be inefficient, and may potentially cause problems in some IASB jurisdictions that have a sector-neutral approach in their standards-setting efforts. Ms. Barth responded that she understands Mr. McGregor's concern, but she thought that the IASB Board had people in those jurisdictions working with the conceptual framework staff to identify and avoid such problems. Mr. McGregor noted that an example of such a problem may arise from the Boards' intent to define elements with a cash-flow focus. When generalizing such definitions to not-for-profit entities, the Boards can use other language that captures both the cash-flow and service potential perspectives. If the Boards addressed such discrepancies concurrently, he stated that there will probably be more general language used in the definitions of elements and other parts of the framework. Otherwise, there could be two different representations of objectives and elements, which would be inefficient.
38. Mr. Leisenring stated that historically, the language in the FASB Concepts Statements has not caused a problem concerning the incorporation of not-for-profit entities. The FASB Board that adopted the Concepts Statements did not believe there were any conceptual differences between for-profit

and not-for-profit entities other than the notion of equity. He noted that there are perhaps differences between for-profit and not-for-profit entity notions of management accountability, which would fit with the qualitative characteristics. However, he stated that he does not think there will need to be many adjustments concerning the elements definitions for not-for-profit entities. Mr. McGregor responded that when the term *future economic benefits* is used to describe an element, it could be applied in terms of a focus on cash flows or a focus on utility to reference the services that may be used to meet the objectives of the not-for-profit enterprise. Mr. Leisenring stated that having privileged access to an economic resource is just as prevalent for a not-for-profit enterprise as a for-profit enterprise.

39. Mr. Trott stated that the Boards have already decided that they will focus on for-profit entities. Mr. Bossio stated that the issue of whether the Boards should factor in language concerning not-for-profits as they deliberate issues relating to Phase B: *Elements and Recognition*, or wait until they reach Phase G: *Applicability to the Not-for-Profit Sector*, can be dealt with on an on-going basis. Receiving input from the not-for-profit sector concerning possible substantive amendments is the most important aspect, whether or not the Boards make amendments while developing the conceptual framework or after the framework is complete.
40. The Boards unanimously agreed with the staff recommendation concerning finalization of the conceptual framework. As such, the Boards will finalize chapters of the framework as they are finished, with the understanding that certain chapters may need to be amended as new chapters are finalized.

Project Status and Near-term Plans, with a Focus on the Elements and Recognition Phase

41. Mr. Bossio stated that the next topic for the Boards' consideration is a status report on the conceptual framework project. He noted that the project's end date is not currently expected to change. However, some of

the interim end dates for individual phases have been delayed, such as Phase B: *Elements and Recognition*. In addition, he noted changes in the project status. For example, he noted that the staff thinks that Board discussion is needed concerning how the status of the framework will be determined, but does not see a need for the framework project to issue an exposure document concerning Phase F: *Framework Purpose and Status in GAAP Hierarchy*. If a document is needed concerning the status of the framework within the GAAP hierarchy, it will be issued as a standards-level document rather than as a chapter of the conceptual framework.

42. Concerning the reporting entity phase, Mr. Bossio stated that the Boards have reached many common decisions, but have made some decisions that differ substantively. The staff plans to bring issues relating to Phase D: *Reporting Entity* in December 2006. He noted that it is not clear whether the first paper issued will be a discussion paper containing alternative views or a preliminary views paper that highlights a common, preferred view of the Boards. Mr. Bossio added that if there were no questions on the project status and near-term plans noted in the related agenda paper, the staff would turn to more specific plans related to Phase B. There were no questions.
43. Mr. Hague discussed planning and status issues related to Phase B: *Elements and Recognition*. He stated that the staff plans to consult with a limited group of experts concerning the asset definition over the next few months. Currently, the staff plans to conclude Board discussions of the asset definition in November 2006. The Boards must decide if they would like to wait to receive constituent input on the asset definition until all of Phase B is ready for exposure, or seek input while continuing to deliberate other parts of Phase B. The staff thinks that it would be beneficial to seek input from experts regarding the asset definition before deliberations on Phase B are complete. Possible groups that the staff may consult with include the IASB Standards Advisory Council, the Financial Accounting Standards Advisory Council, informal technical experts, standards-setters,

- and other interested groups. The staff thinks that the asset definition is fundamental to the rest of the project, and it would be beneficial to receive input on that definition at this stage of the project.
44. Mr. Leisenring stated that he does not agree that the staff should seek input at this stage. He noted that it would be more productive to ask for input when the Boards have deliberated the definition of a liability, so that the two definitions may be presented together when the staff seeks input. A large number of constituents will want to understand whether the asset and liability definitions are symmetrical in order to give constructive input on either definition. He stated that previous input gathered from constituents was not as productive as it might have been had an asset and liability definition been presented together. Mr. Hague noted that staff is working on the liability definition and expects to bring a discussion of the definition to the Boards early in 2007. As that definition is being developed, the staff analysis could also be introduced into the informal consultation.
 45. Mr. Trott stated that he thinks it is advisable for the staff to consult with outside parties concerning the asset definition. He noted that the liability definition may be developed by the time the staff seeks input regarding the asset definition, and thus it may be possible to garner input concerning both definitions simultaneously. Input concerning the definition of an asset alone may not be as helpful as input regarding both the asset and liability definitions together, but it is always possible to ask for more constituent input once both definitions are ready for comments. Mr. Hague added that the staff was not ready to seek input regarding the liability definition until it is fully deliberated by the Boards, which will probably be in early 2007.
 46. Mr. Batavick stated that, concerning consultation with the IASB and FASB advisory councils, the definitions should be fairly well-developed. The councils will be most interested in how the new asset definition differs from the current IASB and FASB asset definitions. He noted that Mr. Linsmeier is helping prepare material for the upcoming American Accounting

- Association (AAA) conference in December 2007, and asked him to comment on current plans for the conference. Mr. Linsmeier stated that the AAA conference will be held on December 1-2, 2006. The planning committee is developing a series of case studies for the conference in which participants will compare and contrast whether the new working definitions of assets and liabilities result in different outcomes than the old definitions. Even if participants find that the outcomes are not different, they will analyze whether the working definitions provide better guidance regarding what qualifies as an asset or liability, and whether there are unintended consequences resulting from those definitions.
47. Ms. Seidman asked Mr. Linsmeier if the AAA conference will include a discussion of the distinction between liabilities and equity. Mr. Linsmeier responded negatively. Ms. Seidman stated that she thinks the Boards should also consult with their advisory councils in addition to participants in the AAA conference. Mr. Young asked whether the liability definition will be ready for discussion when the AAA conference occurs. Mr. Linsmeier clarified that at the conference, the participants will use a working definition of a liability that is symmetrical to the asset definition to test for symmetry issues.
 48. Mr. McGregor stated that he supports the staff recommendation to seek outside consultation regarding the asset definition. He noted that he thinks the staff should consult with the national standards-setters.
 49. Mr. Tweedie stated that some constituents seem to think that if something is not addressed within the conceptual framework, then the Boards cannot develop a standard addressing that issue. He noted that he thinks it would be helpful to clarify that the new conceptual framework will be a living document, and changes may need to be made to the framework overtime as accounting issues evolve.
 50. The Boards supported the staff's plan to consult with selected informal technical experts, as well as their Advisory Committees, concerning the

definition of an asset while at the same time continuing work on remaining milestones within Phase B.

Follow-up Items: The staff will investigate further with non-Anglo-American contacts regarding terms or measurement bases developed in non-Anglo-American countries.

General Announcements: None.