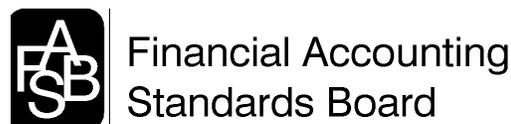


MINUTES



To: Board Members
From: Financial Statement Presentation team (Debbeler, ext. 353)
Subject: Minutes of the December 17, 2009 Board Meeting: Financial Statement Presentation
Date: January 15, 2010
cc: FASB: Golden, Bielstein, Lott, Stoklosa, Proestakes, C. Smith, Posta, Chookaszian, Gabriele, Sutay, Petrone, Cafini, Cappiello, Hales, Debbeler, Jones, FASB Intranet; IASB: Leisenring, Gomez, Schmidt, Perkovich

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 Accounting Standards Update.

Topic: Application of the cohesiveness principle, statement of financial position, disaggregation on the statement of financial position, definition and presentation of remeasurements, basket transactions, foreign currency transaction gains and losses, and noncontrolling interests

Basis for Discussion: FASB Memorandum Nos. 72, 72A, 72B, 72C, 72D, 72E / Agenda Papers 8, 8A, 8B, 8C, 8D, 8E

Length of Discussion: 8:00am – 11:45am, London time

Attendance:

Board members present: FASB: Herz, Linsmeier, Seidman, Smith, Siegel
IASB: Tweedie, Cooper, Danjou, Engström, Finnegan, Garnett, Gélard, Gomes, Kalavacherla, Leisenring, McConnell, Smith, Yamada, Zhang

Board members absent: McGregor

Other participants: None

Staff in charge of topic: Petrone, Gomez, Schmidt, Cappiello, Perkovich, Cafini

Other staff at Board table: None

Summary of Decisions Reached:

At their December joint meeting, the Boards continued their deliberations on the proposals in the Discussion Paper, *Preliminary Views on Financial Statement Presentation*.

Application of the cohesiveness principle

In July, the Boards tentatively decided to retain the Discussion Paper proposal that an entity should present information in its financial statements in a manner that portrays a cohesive financial picture of its activities. The Boards agreed that cohesiveness should be a core presentation principle.

At the December joint meeting, the Boards tentatively decided:

1. To require an entity to apply the cohesiveness principle at the category level in the statement of financial position (SFP), the statement of comprehensive income (SCI), and the statement of cash flows (SCF).
2. To indicate that, generally, an entity will classify items in the financial statements by reference to how the related assets and liabilities are classified on the SFP.
3. To add an additional category to the business section in the SFP and the SCI labelled *financing arising from operating activities*. The Boards will discuss the definition of that category at a future meeting but indicated it should include long-term liabilities tied to operating activities such as a net pension liability (or asset) and an asset retirement obligation. An entity should present cash flows related to items in that new category in a category on the SCF labelled *operating activities and financing arising from operating activities*.

Presentation on the statement of financial position

The Boards also addressed proposals in the Discussion Paper that are specific to the statement of financial position and tentatively decided:

1. To retain the proposal that management is best placed to determine whether to present a classified SFP or a presentation of assets and liabilities in order of liquidity.
2. To retain the proposal that an entity presenting a classified SFP must present its assets and liabilities in short-term and long-term subcategories based on a fixed period of one year.
3. To require an entity to display total assets and total liabilities on the SFP.
4. To require an entity that presents its assets and liabilities in short-term and long-term subcategories to display subtotals for short-term assets, short-term liabilities, long-term assets, and long-term liabilities on the SFP.
5. To drop the Discussion Paper proposal that an entity should be required to disclose information about the maturities of short-term contractual assets and liabilities in the notes to financial statements (as part of the financial statement presentation project).
6. To specify that an entity must classify its cash balance at the reporting entity level, rather than at the reportable segment level, which had been proposed in the Discussion Paper. The effect of this decision is that cash will be presented in one category on the SFP.
7. To retain the proposal to present and classify items formerly considered to be cash equivalents as short-term investments in the SFP, thereby eliminating the concept of cash equivalents from IFRS and U.S. GAAP.
8. To specify that an entity is required to present its bank overdrafts in the debt category of the financing section of the SFP.
9. To retain the requirement that, if assets and liabilities are of the same nature and are measured differently, the measurement basis should be used for further disaggregation on the SFP. At a future meeting, the Boards will consider aggregation criteria for the SFP.

In a split decision, the IASB voted to include in the exposure draft the minimum line item requirements for the SFP from IAS 1, *Presentation of Financial Statements*. The FASB voted not to include minimum line item requirements in the FASB Exposure Draft.

Presentation of remeasurements

The Boards continued their discussion from the October joint meeting on presentation of remeasurement information. The FASB confirmed its prior tentative decision to disaggregate remeasurements in a two-column format on the SCI. Furthermore, the FASB clarified that the two columns will be labelled *total comprehensive income and remeasurements*. As discussed earlier in the week, the IASB exposure draft will present remeasurement information in the notes to financial statements.

Presentation of the effects of basket transactions

The Discussion Paper defines a *basket transaction* as a single acquisition or disposal transaction that recognizes or derecognizes assets and liabilities that an entity has classified in more than one section or category. The income or expense items, together with the cash flows arising from a basket transaction, are collectively referred to as the *effects of basket transactions*. In current practice, the effects of basket transactions are often presented in a single line item in the SCI and in the SCF.

At the December meeting, the Boards tentatively decided to require an entity to present the effects of a basket transaction in a distinct section in the SCI and the SCF.

Presentation of foreign currency transaction gains and losses

The Boards tentatively decided to retain the proposal from the Discussion Paper to present foreign currency transaction gains and losses—including the components of the net gain or loss on remeasuring the financial statements of an entity into its functional

currency—in the same section or category as the assets and liabilities that give rise to the gains or losses.

Follow-up Items:

None.

General Announcements:

None.