

## MINUTES



**To:** Board Members  
**From:** Financial Statement Presentation team (Debbeler, ext. 353)  
**Subject:** Minutes of the January 19, 2009 Board Meeting: Financial Statement Presentation  
**Date:** January 25, 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: Disaggregation by function and nature and segment disclosures  
Basis for Discussion: FASB Memorandum Nos. 73A / Agenda Papers 7A  
Length of Discussion: 9:45am – 11:30am EST  
Attendance:  
Board members present: FASB: Herz, Linsmeier, Seidman, Smith, Siegel  
IASB: Tweedie, Cooper, Danjou, Engström, Finnegan, Garnett, Gélard, Gomes, Kalavacherla, Leisenring, McConnell, McGregor (by video), Smith, Yamada, Zhang  
Board members absent: None  
Other participants: None  
Staff in charge of topic: Cafini (by video)  
Other staff at Board table: Golden, Teixeira, Clark. Petrone, Gomez, Schmidt, and Perkovich; C. Smith, Cappiello, Debbeler, and Jones (by video)

## Summary of Decisions Reached:

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

Specifically, the Boards considered disaggregation by function and nature and segment disclosures.

### *Background*

The Discussion Paper proposed that within each category on the statement of comprehensive income, an entity should disaggregate its items of income and expense by function. Each of those functions should be further disaggregated by nature to the extent that information enhances the usefulness of the statement of comprehensive income in predicting an entity's future cash flows. If that by-nature presentation is impractical on the face of the statement of comprehensive income, an entity should present the information in the notes to financial statements.

The Discussion Paper also proposed that if, in the opinion of management, presenting disaggregated information by function does not provide relevant information, an entity can disaggregate its items of comprehensive income by their nature within each category on the statement of comprehensive income.

In October 2009, the Boards tentatively decided to retain the Discussion Paper proposal that an entity should disaggregate income and expense items by nature and by function. Furthermore, an entity with more than one reportable segment should present that disaggregated information in its segment note, while an entity with only one reportable segment should present that disaggregated information on its statement of comprehensive income.

### *Tentative decisions*

At their January joint meeting, the Boards tentatively decided that the exposure draft:

1. Will specify that an entity with only one reportable segment may present its disaggregated by-nature information in a single note disclosure, rather than presenting that information on the statement of comprehensive income. An entity

- that presents its by-nature information in a note disclosure must also include its by-function information in the same note.
2. Will specify that an entity with more than one reportable segment must present its disaggregated by-nature information in its segment note and must also include its by-function information in the same note.
  3. Will specify that an entity that disaggregates income and expense items by both function and nature in the notes to financial statements should present its by-function information on the statement of comprehensive income.
  4. Will retain the Discussion Paper proposal that an entity should disaggregate its income and expense items in a manner that presents useful information for assessing the amount, timing, and certainty of future cash flows. Consequently, if a disaggregation by function does not enhance the usefulness of the information on the statement of comprehensive income for that purpose, an entity should instead disaggregate its income and expense items by nature only.

The Boards also considered amendments to *FASB Accounting Standards Codification*<sup>TM</sup> Topic 280, Segment Reporting, and IFRS 8, *Operating Segments*. The Boards tentatively decided that the exposure draft:

1. Will require an entity that presents by-nature income and expense information in its segment note to classify items consistently between the statement of comprehensive income and the segment note
2. Will require an entity to present information about its operating segment activities that do not meet the criteria to be presented as a reportable segment separately from information about its corporate activities
3. Will require an entity to reconcile the operating profit (loss) of its reportable segments to its consolidated operating profit presented on the statement of comprehensive income.

### *Next steps*

The Boards were also scheduled to discuss additional potential amendments to segment reporting requirements (7A/73A), financial services entity issues (7B/73B), and cost-benefit considerations of the proposed presentation model (7C/73C). The Boards plan to discuss those topics at their individual meetings before the February joint meeting.

### Follow-up Items:

The IASB finished the discussion of Agenda Papers 7A, 7B and 7C at their IASB-only meeting on January 20, 2010. (They also discussed the presentation of net debt information.)

The FASB plans to address the remaining issues from this meeting at a FASB-only meeting on January 27.

### General Announcements:

None.