

MINUTES



MEMORANDUM

To: Board Members
From: Segment Reporting Project Team (Reno)
Subject: Minutes of the January 20, 2021 Segment Reporting Board Meeting
Date: January 25, 2021
cc: Dawn Tosches

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: Segment Reporting

Basis for Discussion: Board Memo No. 14

Length of Discussion: 10:00 a.m. to 11:15 a.m. EST

Attendance:

Board members present: Jones, Kroeker, Botosan, Buesser, Schroeder, Cospers, and Hunt (all attended via Zoom)
Board members absent: N/A
Staff in charge of topic: Mottley
Other staff at Board table: Salo, Proestakes, Starkey, Brickman, Smith, Phua, and Reno (all attended via Zoom)
Outside participants: N/A

Type of Document and Timing Based on the Technical Plan:

The Board met to discuss issues related to the segment reporting project. The Board has yet to determine the type and timing of a due-process document.

Tentative Board Decisions:

The Board continued its deliberations of a principle-based disclosure requirement to report the significant segment expenses that are both (1) regularly provided to the chief operating decision maker (CODM) and (2) included in the reported measure of segment profit or loss.

The Board made the following decisions related to the principle.

Order of Applying the Significance Threshold

The Board decided that applying the principle would involve the following steps:

1. An entity should identify segment expenses from the information that is regularly provided to the CODM.
2. The entity would then apply the significance threshold to determine which of those expenses should be disclosed.

(Vote 5-2)

Significance Threshold

The Board discussed stakeholder feedback that the effect of the *significance threshold* within the principle may be perceived in different ways. The Board decided to retain the significance threshold and make no further changes.

(Vote 7-0)

Applying the Principle When Multiple Segment Profit or Loss Measures Are Reported

The Board decided to include clarifying guidance that if a CODM is regularly provided with multiple sets of segment expenses that are measured under different accounting bases, the expenses to be reported under the principle should be those that are included in the reported measure of segment profit or loss.

(Vote 7-0)

Different Fact Patterns in Which Expenses Are Regularly Provided to the CODM

The Board considered stakeholder feedback that segment expenses are regularly provided to a CODM under various fact patterns, including when an amount for total segment expenses is provided or when segment expenses on a variance basis are provided.

The Board directed the staff to explore the following matters related to the principle:

1. A requirement that the principle would include segment expenses that can be *easily derived* from information regularly provided to the CODM. For example, segment expenses may be regularly expressed on a ratio basis rather than absolute amounts to the CODM. The principle would include CODM reports in which the amount of the segment expense is easily derivable from the information.
2. A requirement to disclose an *other segment expenses amount* and a description of its composition.
3. A requirement to describe the basis for allocating expenses to the segments.

Next Steps

In addition to the direction noted above, the Board directed the staff to present an analysis of the following issues in a future meeting:

1. Reconciling each significant expense category to a corresponding consolidated amount.
2. How the Board's decisions on significant segment expenses interact with the existing segment expense disclosures.

General Announcements:

None