

Disclosure Framework

PCC Meeting, September 25th

Disclosure Framework: Two Components

Improving the effectiveness of notes requires both:

Consistent considerations by the Board in each standard-setting activity



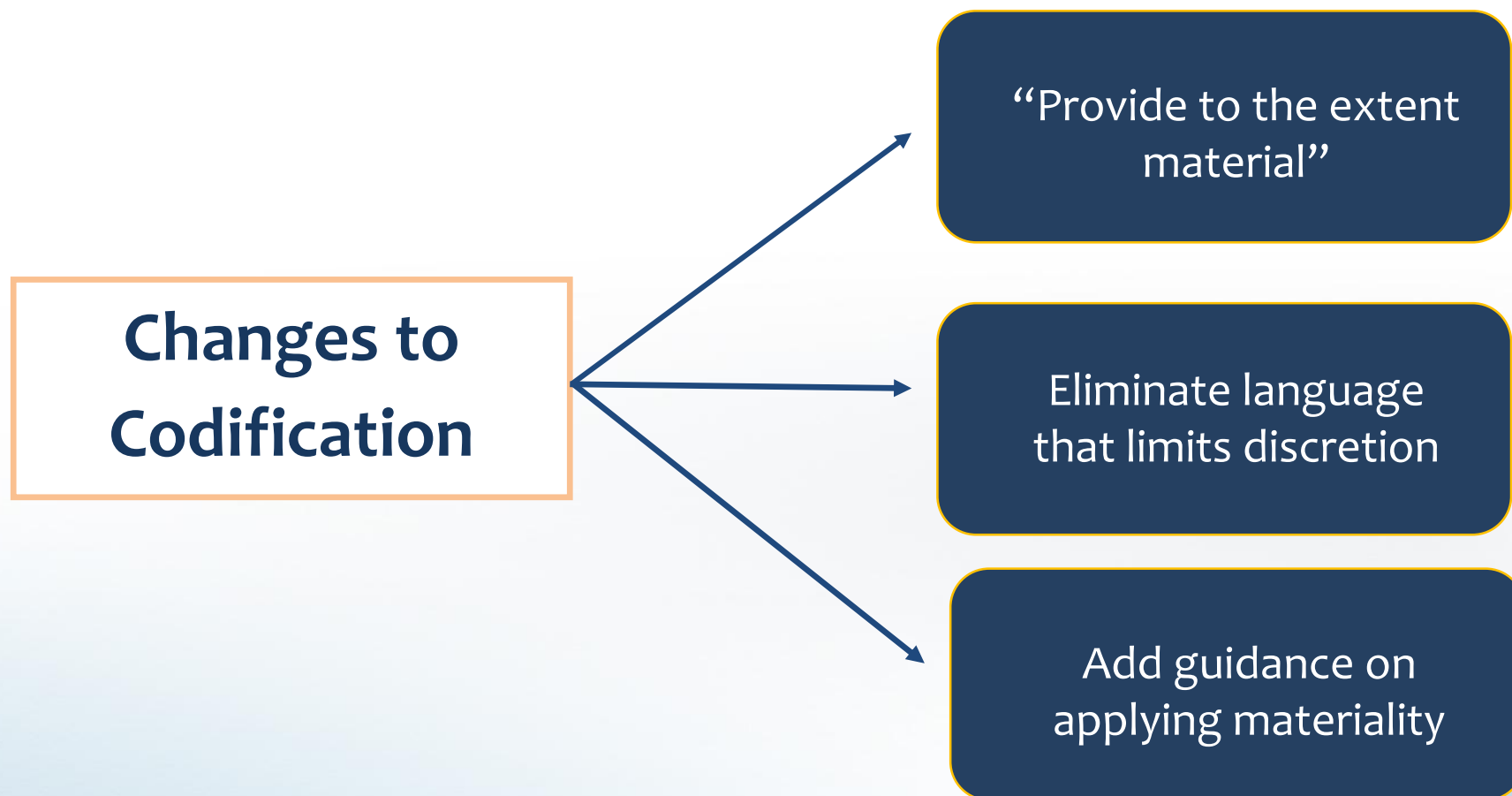
Phase I:
Board's Decision Process

Appropriate exercise of discretion by reporting entities when assessing disclosure requirements



Phase II:
Entity's Decision Process

Promoting Discretion



Promoting Discretion (cont'd)

Guidance on Applying Materiality

Applied individually and in the aggregate

Legal Concept

Quantitative and qualitative

Omission not an accounting error

Fair Value Measurement – Disclosure review

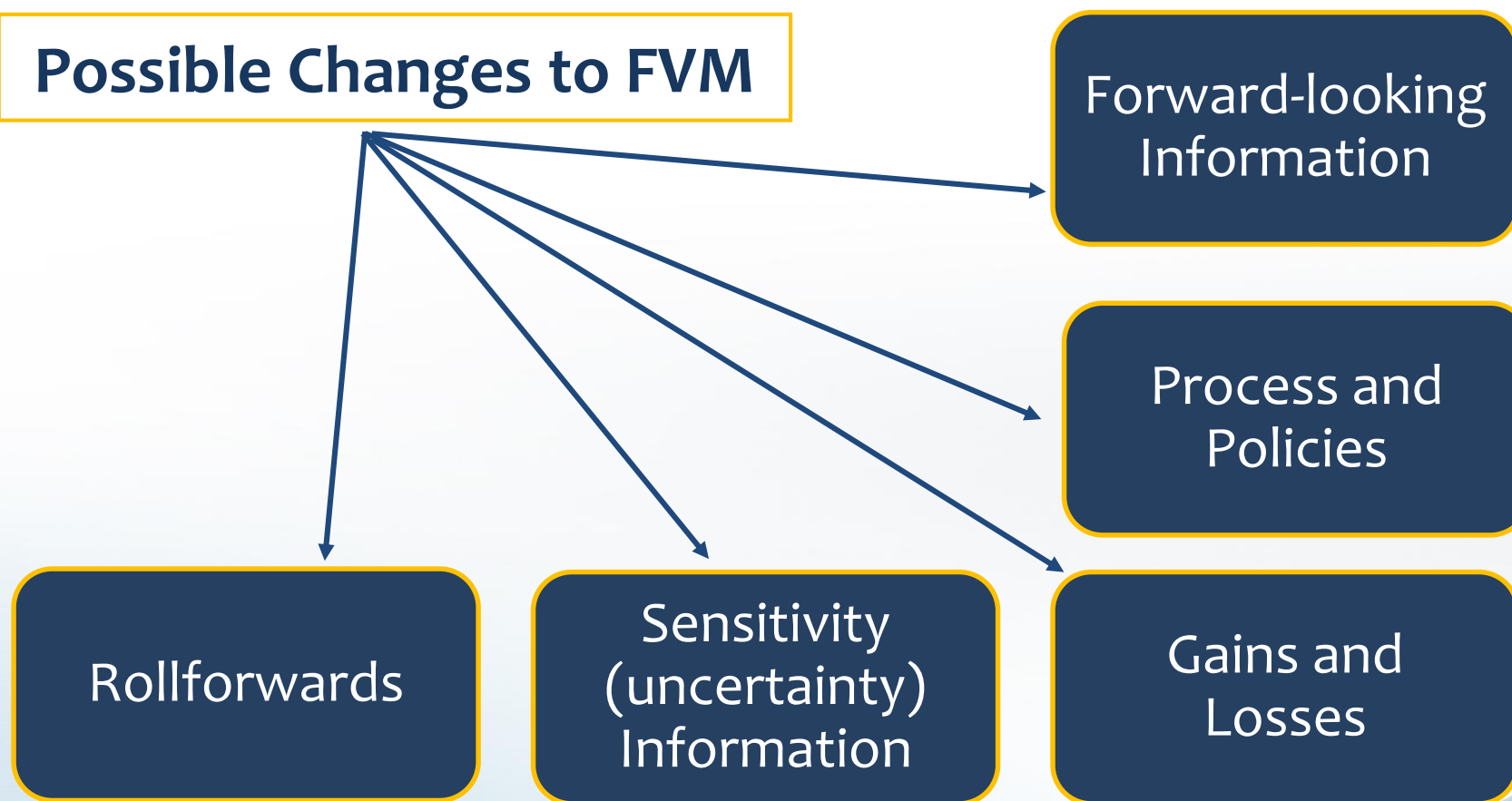
Objectives based on proposed framework

Disclosures provide information about:

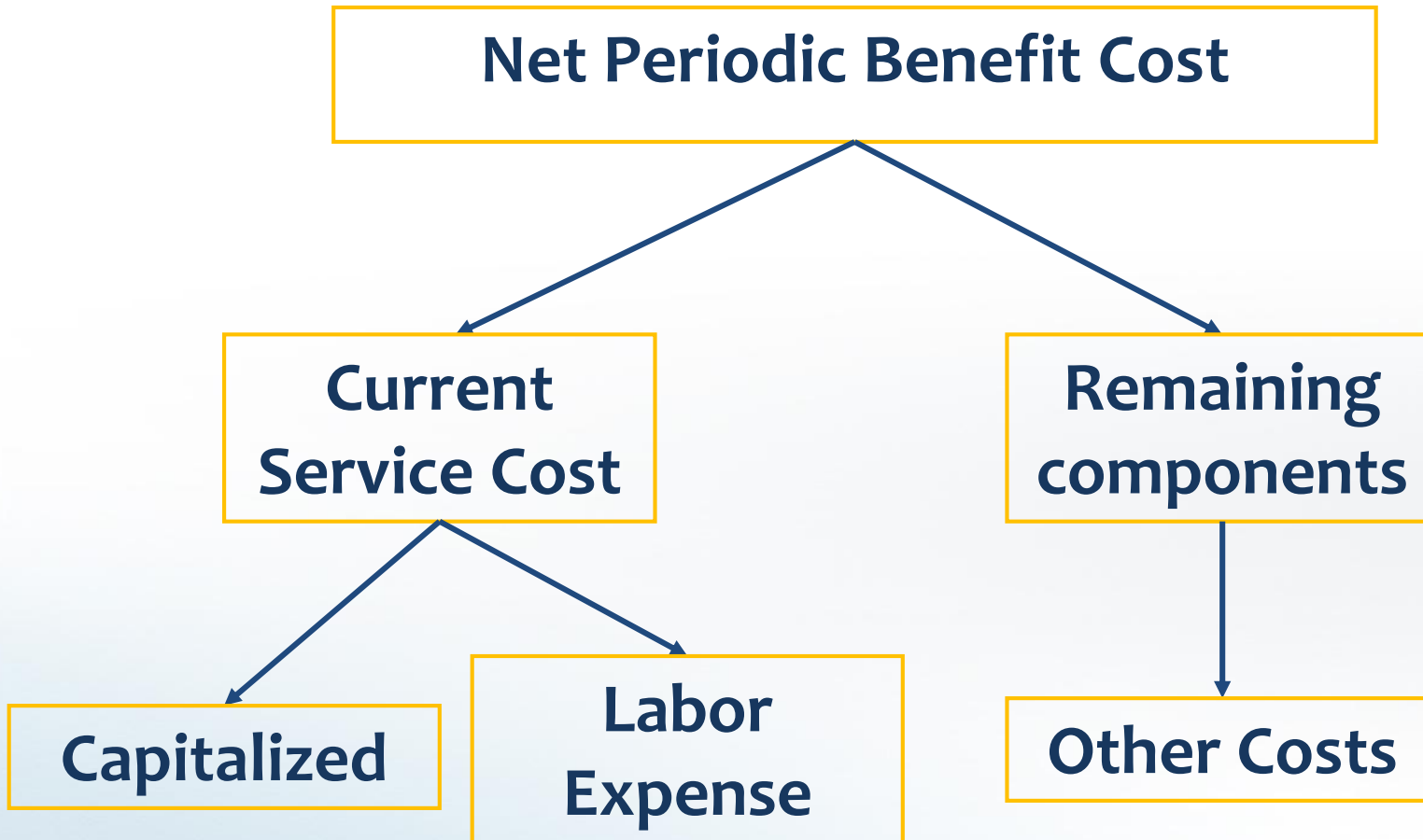
- Ways an entity arrives at fair value
- The effects on financial statements
- Uncertainty in measurement
- Measurement change period to period

Fair Value Measurement – Disclosure review

Possible Changes to FVM



Presentation of Net Periodic Benefit Cost



Defined Benefit Plans – Disclosure review

Possible Changes

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graph TD; A[Possible Changes] --> B[Remove]; A --> C[Add];
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Remove:

- L3 plan asset rollforward (nonpublic only)
- ABO
- Plan assets expected to be returned
- Amount in AOCI expected to be recognized

Add:

- Nature of benefits, employee groups covered, type of plan formula
- Interest crediting rate of cash balance plans
- NAV disclosures
- Reasons for significant gains/losses

Discuss:

- Effect of 1% increase/decrease in healthcare cost on net benefit cost and APBO

Inventory Disclosures

Scope and objectives

- Use decision questions from proposed framework to determine potential disclosures
- Evaluate alternatives for private companies based on PCDMF

Possible changes

- Incorporate SEC / AICPA guidance into GAAP
- Additional cost/measurement basis disclosures
- Disclosures of certain rights and obligations
- Disclosures around changes in value/quality/utility

Next steps

- Small group meetings with FASB
- Outreach with PCC members
- User and preparer outreach

Next Steps

- Planned Exposure Drafts
 - Entity's Decision Process
 - Defined Benefit Plans
 - Fair Value Measurement
- Redeliberate Proposed Concepts in the Disclosure Framework
- Interim Considerations

Defined Benefit
Plans

Fair Value
Measurement

Income Taxes

Inventory