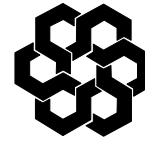




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*This document is provided as a convenience to observers at the joint IASB-FASB meeting, to assist them in following the Boards' discussion. It does not represent an official position of the IASB or the FASB. Board positions are set out in Standards (IASB) or Statements or other pronouncements (FASB).  
These notes are based on the staff papers prepared for the IASB and FASB. Paragraph numbers correspond to paragraph numbers used in the joint IASB-FASB papers. However, because these notes are less detailed, some paragraph numbers are not used.*

## INFORMATION FOR OBSERVERS

**IASB/FASB Meeting:** 23 October 2006, Norwalk  
**Project:** Conceptual Framework  
**Subject:** Project Status and Plans, with a focus on Phase B (elements) (Agenda Paper 2A – also issued as observer note for IASB Agenda Paper 9B)

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### Introduction

1. This agenda paper provides a report on the project status, staffing, and plans. The staff will provide a *brief* report on those matters at the public joint meeting on October 23-24. In preparation for that meeting, we also plan to provide a brief report at the FASB's public education session on October 11<sup>1</sup> and the IASB's public meeting on October 18.
2. The staff thinks that it would help if the limited time available for this topic focused on the status, plans, and priorities for the elements and recognition phase and our allocation of available staffing. This agenda paper with its Appendix (near-term timeline) and the paper entitled Planning—Phase B:

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<sup>1</sup> Available time at the FASB's October 11 education session is tight. If time does not allow for discussion at that session this memo will be carried over for discussion at the FASB public meeting on October 18.

Elements and Recognition will serve as bases for that report and the Boards' discussions. (That latter paper is FASB Memo 37, IASB Agenda Paper 9C, and Joint Meeting Agenda Paper 2B.)

## **Project Status, Staffing, and Plans, including Changes to Plans**

### **Overview**

3. At present, four phases of the project are active and staffed (Phases A, B, C, and D). However, we could use more staff if available, particularly when we reach the end of the comment period on the preliminary views for objectives and qualitative characteristics (Phase A). At present we do not have a project manager assigned with primary responsibility for planning and managing the redeliberations for Phase A. If the Boards are unable to recruit or identify a new project manager to begin the redeliberations part of that phase, the time required of other existing staff for that phase will be increased; thus, reducing the extent of their availability for Phases B, C, D or the other phases.
4. [Paragraph omitted from Observer Notes].

### **Status and Plans for Active Phases**

5. **Phase A**—In July 2006, the Boards published their preliminary views for the objectives of financial reporting and the qualitative characteristics of decision-useful reporting information. We requested comments by November 3. To date we have received little in the way of written comments. The staff and some Board members have and will continue to receive feedback off-line through participation in the roundtables of others (UK-ASB, EFRAG, AASB, NZ/FRSB) and liaison activities (AICPA-TIC, CFA, and others). To date, that feedback continues to suggest that there is no need to schedule roundtables shortly following the close of the comment period. However, when the staff assess the comments received, it will consider in its plan for redeliberations whether one or more roundtables targeted at specific concerns raised might be necessary or helpful to the Boards' redeliberations. The goal of those redeliberations is the release of an Exposure Draft in the third quarter of 2007.
6. [Paragraph omitted from Observer Notes].
7. **Phase B**—The Boards' initial deliberations on this phase (Elements, Recognition and Derecognition) began in December 2005. Most of the

discussions to date have focused on the definitions of assets and liabilities and, most recently, options over assets. In November, the staff and Boards will wrap up the discussion of the asset definition and begin the liability and equity discussions. Refer to the timeline (Appendix) for the near-term plans and the paper entitled Planning—Phase B: Elements and Recognition (FASB Memo 37, IASB Agenda Paper 9C, and Joint Meeting Agenda Paper 2B) for questions about the near-term goals and the next due process document goals. In the short run, the staff is recommending that the Boards consult with selected informal technical experts and others such as the IASB’s Standards Advisory Council (SAC) and the FASB’s Financial Accounting Standards Advisory Council (FASAC) on milestones I and II, without waiting for completion of the remaining milestones.

8. The next due process document goal is a preliminary views/discussion paper, but the timing and scope are open questions. The staff thinks that the 4<sup>th</sup> quarter of 2007 is most likely if the Boards continue to desire a single document for all parts of the elements and recognition phase. However, if the Boards prefer to publish preliminary views for certain completed milestones (for example definitions of assets and liabilities, options over assets) that could be achieved in the 3<sup>rd</sup> quarter of 2007.
9. **Phase C**—The staff is continuing its initial research and planning for a series of roundtable discussions to solicit information from constituents on an inventory of possible measurement bases and other issues before the Boards begin their deliberations. At the October joint meeting, the Boards will discuss materials for those roundtables. They will be held in Hong Kong on January 16 and 17, in London on January 29, and in Norwalk on February 1.
10. [Paragraph omitted from Observer Notes].
11. **Phase D**—Kimberley brought a complete bundle of issues back to the Boards in September. The direction received at those meetings allows the staff to begin with initial drafting for purposes of a follow up meeting with the Boards in December. At that time, we plan to ask the Boards whether the staff can proceed to drafting a preballot draft (FASB refers to this as the staff draft) of a due process document.

12. The due process document goal is a discussion paper that contains the Boards' preliminary views, alternative views, or, perhaps, seeks comments on alternative approaches. Our expectation continues to be the 2<sup>nd</sup> quarter of 2007.
13. *Other Phases and Activities*—We have not made definitive plans or assignments for the remaining phases. Current thinking is that preliminary staff research and planning for Phase E could begin during the first half of 2007. Depending on the Boards' priorities and available staff, deliberations could start in the second half of 2007.
14. The staff plans to bring the asset topic to FASAC on 7 December, which is shortly after the Boards' discussions in November. The next SAC meeting, which is scheduled for 9–10 November, is not timely for our purpose.<sup>2</sup> Also, as noted in the paragraph 7, the staff is suggesting the Boards consult with selected informal technical experts and others such as the IASB's Standards Advisory Council (SAC) and the FASB's Financial Accounting Standards Advisory Council (FASAC) on milestones I and II. That will not be feasible for the November SAC meeting but could be for the February 2007 SAC meeting.
15. In addition, the staff plans to discuss the asset and liability working definitions with participants in the AAA/FASB Financial Reporting Issue Conference to be held on 1–2 December.

#### **Other Administrative Matters**

16. A separate paper discusses matters surrounding the finalization process for the framework and its chapters. At this time, the staff has no other administrative matters for discussion.

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<sup>2</sup> Furthermore, the IASB discussed a working definition of assets with the SAC on 28 February 2006. A listing of past discussions with the SAC, FASAC and FASB's SBAC and UAC is available from the project's [common web page](#).

**Conceptual Framework Timeline for the Period October 2006 – May 2007**  
As of October 2, 2006

<u>Board Meeting</u>	<u>Topics</u>	<u>Lead Staff</u>
October 4 (FASB only)	<ul style="list-style-type: none"> <li>• Comment letter analysis on IASB DP, <i>Measurement Bases for Financial Accounting—Measurement on Initial Recognition</i></li> </ul>	Rebecca
October (separate IASB and FASB meetings)	<ul style="list-style-type: none"> <li>• Other elements               <ul style="list-style-type: none"> <li>—what is an <i>element</i> / approach</li> <li>—significance / implications</li> </ul> </li> <li>• Process for finalizing the framework or its chapters</li> <li>• Status report and planning, with a focus on Phase B milestones</li> </ul>	Li Li / Ron B.  Ann/Ron B Ron B./ Ian
October joint meeting	<ul style="list-style-type: none"> <li>• Measurement bases: terminology and definitions in preparation for roundtables</li> <li>• Process for finalizing the framework or its chapters</li> <li>• Status report and planning, with a focus on Phase B milestones</li> </ul>	Kevin  Ann/Ron B Ron B./ Ian
Nov. 3—Comments due, PVs on Objectives and Qualitative Characteristics		
November	<ul style="list-style-type: none"> <li>• Complete discussion of essential characteristics of an asset, including examples, and if approved, proceed to preparing a consultation paper for SAC, FASAC, technical experts.</li> <li>• Liability and equity—cross cutting issues               <ul style="list-style-type: none"> <li>– EL25 Should there be a distinction between liabilities and equity?</li> <li>– EL26 Should there be only two elements, e.g. why not three – debt, equity and “dequity”?</li> </ul> </li> </ul>	Ian/Rebecca  Todd/Ron L.
December	<ul style="list-style-type: none"> <li>• Reporting entity               <ul style="list-style-type: none"> <li>– Follow up from September</li> <li>– Other issues, e.g. issues noted for/from drafting</li> <li>– Seek approval to proceed to drafting DP/PV</li> </ul> </li> </ul>	Kimberley
January	<ul style="list-style-type: none"> <li>• Liability and equity, continue EL25 and EL26</li> <li>• Liability definition, continue to develop upon completion of asset definition</li> <li>• Objectives &amp; QCs – comment letter analysis (if ready)</li> </ul>	Note B Ian/ Rebecca  See Note A
Jan – Feb — Measurement roundtables – Hong Kong, London, Norwalk		

*Planning—Phase B*

February	<ul style="list-style-type: none"> <li>Objectives &amp; QCs – comment letter analysis, if not in January</li> <li>Unit of account –Commence Board discussions (if support staff available Note C)</li> <li>Other elements – potential missing elements (e.g., cash flows)</li> </ul>	See Note A Ian / Li Li  Li Li / Ron B.
March	<ul style="list-style-type: none"> <li>Liability definition follow up (claims/liabilities/equity)</li> <li>Liabilities and equity, finalize or develop alternatives</li> <li>Measurement bases</li> </ul>	Ian / Rebecca Todd/ Ron L. Kevin
March (FASB only)	<ul style="list-style-type: none"> <li>Authoritative status of common framework in GAAP hierarchy</li> </ul>	Ann/ Ron B
April (separate meetings)	<ul style="list-style-type: none"> <li>Unit of account, continue</li> <li>Report on results of asset consultation</li> <li>Objectives and QCs—discussion of major issues raised</li> </ul>	Ian / Li Li Ian Note A
April (joint meeting)	<ul style="list-style-type: none"> <li>Authoritative status of common framework, if necessary for convergence efforts</li> <li>Status report and planning, with a focus on Phase C milestones</li> <li>Other, to be determined as needed</li> </ul>	Ann/ Li Li/ Ron B. Ron B/ Kevin
March – April	Drafting process for reporting entity, with a 2 <sup>nd</sup> Qtr. target; April or May for sweep issues, if any, to move to ballot draft	
May	<ul style="list-style-type: none"> <li>Recognition / derecognition</li> </ul>	Rebecca / Ian

**Notes:**

[Notes omitted from Observer Notes].