



**International  
Accounting Standards  
Board**

**30 Cannon Street, London EC4M 6XH, England**  
**Phone: +44 (0)20 7246 6410, Fax: +44 (0)20 7246 6411**  
**Email: [iasb@iasb.org](mailto:iasb@iasb.org) Website: <http://www.iasb.org>**

*This document is provided as a convenience to observers at Standards Advisory Council meetings, to assist them in following the Council's discussion. It does not represent an official position of the IASB. Board positions are set out in Standards.*

*Note: These notes are based on the staff paper prepared for the Council. Paragraph numbers correspond to paragraph numbers used in the Council paper.*

### **INFORMATION FOR OBSERVERS**

**SAC Meeting:** November, London  
**Project:** Communication Strategy  
(*Agenda Paper 3d*)

---

### **INTRODUCTION**

1. In January 2007, the Boards met in separate administrative meetings to discuss a communication plan for the financial statement presentation project and how much “testing” of the Boards’ preliminary views should be done before and/or after issuing the initial discussion document containing those preliminary views. The following paragraphs summarize the Boards decisions.

### **COMMUNICATION PLAN**

2. The Boards agreed to the following project communication goals:
  - a. Shape our message in a way such that constituents will understand why the current set of financial statements fail to meet user needs and can assess whether the preliminary model would.
  - b. Identify a handful of key preparers and users who support the notion that the current presentation model is outdated and needs reviewing.
  - c. Encourage broad participation in the consultation process to ensure that the best ideas are given due consideration by the Boards.
3. The tactics discussed included the following:

- a. Developing key talking points
  - b. Revamping the project webpage to more clearly explain why we're doing the project and the decisions to date
  - c. Engaging key users and preparers in the process
  - d. Drafting the preliminary views document so that it is as understandable (plain English) as possible
  - e. Including quotes from influential constituents from both the preparer and user community in the press release announcing the start of the consultation period and publication of the Board's preliminary views
  - f. Making the comment period two months longer (that is, a minimum of 6 months) to promote an active and vibrant consultation on the presentation of financial statements and allow due consideration of the Board's preliminary views (this will also allow time for a recasting exercise during the comment period)
  - g. Holding meetings/forums with constituent groups to explain and seek feedback on the Boards' preliminary views, whilst discussing other ideas on how the presentation of financial statements can be improved
  - h. Posting a PowerPoint package and a frequently asked questions document on the Boards' websites concurrent with publication of the document.
4. The Boards' communication teams are working together on many of those steps along with the project team. A UK freelance business journalist is drafting an article describing the problems with the current reporting model that the Boards are aiming to resolve. We plan to have the article published before year end.

### **APPLYING THE BOARDS' PRELIMINARY VIEWS**

5. In January, the Boards agreed to undertake the recasting exercise just completed. Questions we discussed asking participants (and ourselves) include:
- a. Do the recast financial statements look like we thought they would?
  - b. Will the recast financial statements help you better communicate your results to analysts and other users of your financial statements?
  - c. What stumbling blocks did you encounter in applying the model?
  - d. What might it cost to apply the model? What information needed to apply the model is not available and would be difficult to get?
  - e. Was the staff draft easy to understand?
6. In January, the Boards also agreed to undertake a more extensive exercise after issuance of the preliminary views document. The Board did not discuss the specifics of that subsequent exercise, but noted that having participants from similar industries

(for example, six pairs of companies, each pair from a different industry) apply the preliminary model would help us address any comparability concerns—do similar companies get similar results? Similar to the recent recasting exercise, we would expect participants to make a number of estimates and take some shortcuts in applying the preliminary model, as we would not expect them to revamp any of their accounting systems for recasting purposes. One difference might be that we'd ask them to recast two years of financials rather than one.

7. The Boards discussed meeting with both FASB and IASB user advisory groups to get their input on the recast financial statements. Questions could include:
  - a. Do the recast financial statements meet your information needs better than the current financial statements? Is there any significant information that you currently need and receive that is missing from the recast financial information? Is there a significant unmet need?
  - b. How much comparability is lost because of the flexibility in the model? Is that loss of comparability of concern to you?
  - c. Does the reconciliation schedule provide you with new information or is it merely repackaging information that is already available?
  - d. Do you foresee incurring significant costs to adapt to the preliminary model? If so, would you expect that the benefits would exceed those costs?
8. In addition, the Boards discussed holding focus groups with users and preparers (moderated by an outside facilitator) to discuss the recasting results. An outside facilitator (unbiased third party) could be used to moderate the focus group so that Board members would be able to sit back and listen (that is, Board members would be observers rather than active participants). Because those discussions would bring together a variety of the Boards' constituents to discuss the preliminary model, one could view those meetings as a supplement or possibly an alternative to the public roundtable meetings that are usually held prior to redeliberations.

### **Discussion Questions**

- 1) **What are your reactions (positive and negative) to the communication and recasting plans?**
- 2) **What other activities should the Boards or staff be engaged in to promote the project and communicate the Boards' preliminary views?**

**3) How can SAC members be of assistance to the Boards and staff in its communications about this project?**