

FASB Summary of Decisions Reached

At the August 29, 2007 meeting, the Board redeliberated issues related to the Discussion Paper (DP), *Preliminary Views on an Improved Conceptual Framework for Financial Reporting: The Objective of Financial Reporting and Qualitative Characteristics of Decision-Useful Financial Reporting Information*. Specifically, the Board addressed (1) concerns raised by respondents regarding the role of stewardship in the objective of financial reporting and (2) the logical flow of Chapter 1 of the DP. The Board decided the following:

1. The objective of general purpose external financial reporting is to provide financial information about the reporting entity that is useful to present and potential investors and creditors in making decisions in their capacity as capital providers.
2. Chapter 1 of the DP should be structured as follows so that it flows logically from the premise that the basic perspective of financial reporting is that of the entity.
 - (a) The basic perspective underlying financial reporting is the perspective of the entity that is reporting.
 - (b) That entity perspective involves reporting on the entity's resources (assets), the claims on the entity's resources (liabilities and equity), and the changes in them.
 - (c) The primary user group is made up of those who have a claim (or potentially may have a claim) on the entity's resources—its present and potential equity investors and creditors (capital providers). The objective of financial reporting is focused on meeting the information needs of the primary user group.
 - (d) That primary user group is interested in financial information because that information is useful in making decisions that investors and creditors make in their capacity as capital providers.
 - (e) The decisions made by investors and creditors include resource allocation decisions as well as decisions relating to protecting or enhancing their claim on the resources of an entity.
 - (f) Investors and creditors use information about an entity's resources, claims to those resources, and changes in resources and claims as inputs into the decision-making process.
 - (g) Other potential users groups may benefit from financial reporting information, but they are not the focus of the objective.