



Project **Financial Statement Presentation**

Topic **Project plan**

Introduction

1. This paper discusses the staff's plan for deliberations following the July 2009 meeting of the International Accounting Standards Board (IASB) and the Financial Accounting Standards Board (FASB) [collectively, the boards] and the July 2009 meeting of the financial statement presentation (FSP) working group¹ (WG). (This paper includes information from joint board meeting paper 17B/63B.)

Plan for deliberations

2. The project plan for deliberations on the discussion paper proposals is outlined in the table on the next page (that table is revised from the table in joint meeting paper 17B/63B).
3. As noted in WG meeting paper 7, at the July joint board meeting the boards will address the scope of the project, particularly as it relates to the presentation of other comprehensive income (OCI) items and the notion of recycling. The effect a limited scope extension to the project (as recommended by the staff) might have on the projected timeline is illustrated in the far right column in the table below.

¹ The FSP "working group" encompasses both the Joint International Group and Financial Institution Advisory Group.

This paper has been prepared by the technical staff of the FAF and the IASCF for the purposes of discussion at a public meeting of the FASB and IASB working group identified in the header of this paper.

The views expressed in this paper are those of the staff preparing the paper and do not purport to represent the views of any individual members of the FASB or the IASB.

The meeting at which this paper is discussed is a public meeting but it is not a decision-making meeting of the boards. Official pronouncements of the FASB or the IASB are published only after the board has completed its full due process, including appropriate public consultation and formal voting procedures.

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Timing	No change in scope	If extend scope
2009		
September 14-18	Analyst field test survey results Board meetings on key issues: <ul style="list-style-type: none"> • Classification: definitions and management approach • Statement of comprehensive income (single statement, income taxes) Draft related portion of ED	Analyst field test survey results Board meetings on key issues: <ul style="list-style-type: none"> • Classification: definitions and management approach • Statement of comprehensive income (OCI, recycling, single statement, income taxes) Draft related portion of ED
Early October	--	Post <i>Request for Views</i> with 30 day comment period
October 19-23 and 26-27 (joint)	Discuss content of ED vs IAS 1 Board meetings on: <ul style="list-style-type: none"> • Disaggregation by nature and function Joint Board meeting: <ul style="list-style-type: none"> • Statement of cash flows (incl. net debt reconciliation) • Reconciliation schedule (incl. unusual, infrequent events) • Discontinued operations • Purpose of each fin'l statement Draft related portion of ED	Discuss content of ED vs IAS 1 Board meetings on: <ul style="list-style-type: none"> • Disaggregation by nature and function Joint Board meeting: <ul style="list-style-type: none"> • Statement of cash flows (incl. net debt reconciliation) • Reconciliation schedule (incl. unusual, infrequent events) • Discontinued operations • Purpose of each fin'l statement Draft related portion of ED
November 16-20	Board meetings on: <ul style="list-style-type: none"> • Statement of financial position, related notes • Noncontrolling interests Draft related portion of ED	Board meeting on: <ul style="list-style-type: none"> • Statement of financial position, related notes • Noncontrolling interests Draft related portion of ED
Nov. 30-Dec 4	--	Review comment letters on <i>Request for views</i> ; affirm/modify OCI, recycling decisions
December 14-18	Begin compiling the ED Board meetings on: <ul style="list-style-type: none"> • Unresolved or divergent views on key issues • Scope (financial services) • Other issues: Foreign exchange, Basket transactions, Segments, Disclosures, Application guidance Draft related portion of ED	Begin compiling the ED Board meetings on: <ul style="list-style-type: none"> • Unresolved or divergent views on key issues • Scope (financial services) • Other issues: Foreign exchange, Basket transactions, Segments, Disclosures, Application guidance Draft related portion of ED
2010		
January	Board meetings on <ul style="list-style-type: none"> • Remaining issues • Nonpublic entities • Transition, effective date Finish drafting the ED	Board meetings on <ul style="list-style-type: none"> • Remaining issues • Nonpublic entities • Transition, effective date Finish drafting the ED
February	JIG/FIAG input on draft ED	JIG/FIAG input on draft ED
February & March	Balloting	Balloting
Joint meeting	Sweep issues if needed	Sweep issues if needed
April	Publish ED	Publish ED
May–August	Comment period	Comment period
September–Oct.	Analyze comments	Analyze comments

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Timing	No change in scope	If extend scope
November	Roundtable meeting	Roundtable meeting
December	Begin redeliberations	Begin redeliberations
2011		
January–March	Continue redeliberations	Continue redeliberations
March–May	Drafting, balloting	Drafting, balloting
June	Publish final Standard	Publish final Standard

Activities not included in projected timeline

4. The following paragraphs describe the staff’s plan for project-related activities not described in the table above.

Experimental research study

5. FASB’s Financial Accounting Standards Research Initiative (FASRI) is conducting an experiment designed to examine how changes proposed in the FSP discussion paper affect user judgments and decisions. The team is just completing the data collection and is drafting its report. A formal report for the boards should be available in September.
6. In that experiment, 60 experienced professional credit analysts provide forecasts and credit ratings for two firms in the same industry that differ primarily in how a negative economic shock to market demand for their (similar) products will affect their income, liquidity, and solvency. The experiment manipulates two dimensions of the proposed presentation model:
 - (a) **Classification by activity:** whether the entity classifies financial statement items by operating, investing, and financing activities cohesively across financial statements, or provides such a classification only in the statement of cash flows (as required under U.S. GAAP/IFRS)
 - (b) **Provision of detail:** whether the entity provides detailed information on the nature and function of income and expenses, and if so, whether that detail is provided in footnote disclosures or on the face of the financial statements.
7. In addition to testing hypotheses about the effects classification and detail have on analyst judgments and decisions, the FASRI study also includes extensive debriefing questions intended to understand the path by which these effects arise, and to understand how participants processed the data they analyzed. Additional debriefing questions elicit opinions on the transparency and

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helpfulness of the financial statements, allowing the participants to provide comments informed by their own experience studying and interpreting financial statements that incorporate features of the proposed presentation model.

User outreach

8. We did not receive as many comment letters from user respondents as we hoped. The staff has and will continue to reach out to members of the FASB's Investor Technical Advisory Committee (ITAC) and the IASB's Analyst Representative Group (ARG) as we deliberate the proposed presentation model. As a result of our initial outreach, the CFA Institute has offered to survey their membership about the direct and indirect methods of presenting operating cash flows. The staff is working on the survey with them. We sent a similar survey to members of the ARG in late June.
9. In addition, we plan to consult with individual users of financial statements throughout deliberations, including those who were interested in participating in the analyst portion of the field test but were unable to.

Information about costs

10. The comment letter respondents and field test preparer participants provided information about the costs associated with implementing the proposed presentation model. The staff is compiling that information along with information received in meetings with other constituents. The staff is considering other ways to gather information about the system and software costs that an entity might incur to implement all or some aspects of the proposed presentation model. The staff will provide the boards with that information as the costs and benefits of the proposed changes are considered.

Discussion question

Question 1: Do WG members have any questions about the plan for deliberations?

Question 2: Are there other topics that should be addressed in deliberations?

Question 3: Are there other activities the staff should engage in?