



Project **Conceptual Framework**
Topic **Sample Measurement Chapter - Cover Memo**

1. 2008, the staff began discussions with the Boards on a mixed-measure system for reporting assets and liabilities in the financial statements. The staff's approach has focused on a set of measurement factors for choosing between current measures and non-current measures and has associated those factors with the qualitative characteristics of decision-useful accounting information as well as the pervasive financial reporting constraint of cost.
2. The Boards generally have been supportive of the direction our discussions have taken, but the views of individual Board members have not coalesced at any level of detail. Given that the Boards' existing frameworks do not include a measurement chapter to speak of, and that individual members' personal views on measurement diverge significantly, this is not surprising. However, it does present an obstacle to achieving the goal of a discussion paper and eventually a completed measurement chapter.
3. The purpose of our paper, "Sample Measurement Chapter" (FASB Memorandum 92A, IASB Agenda Paper 5A), is to help overcome that obstacle. In that paper, we have taken our ideas for a mixed-measure system from our Board papers since last November and presented those ideas in the form of a sample measurement chapter. The approach of the chapter is intended to be "middle of the road" in terms of both views about measurement and degree of detail and prescription. We hope that the measurement chapter format will give the Boards a holistic view of our ideas and that the chapter's moderate approach will help the Boards more easily find areas of agreement. If the paper accomplishes those objectives, then we think the likelihood of progressing to a discussion paper and eventually an actual measurement chapter will increase.
4. The sample chapter is very basic; it does not include a basis for conclusions or other supporting material (such as a glossary) that would be included in an actual measurement chapter. Furthermore, it may not include all the topics that the Boards want to include in

the framework's measurement chapter. However, the sample chapter is in the precise format of an actual framework chapter. We think it also approximates the length of an actual chapter.

5. At the June meetings, we will ask the Boards three questions:
 - a. **Does the sample measurement chapter sufficiently encompass Board member views such that it can serve as a vehicle for drafting a discussion paper?**
 - b. **If so, what changes or additions should be made in order to progress to a discussion paper?**
 - c. **If not, what steps should the staff take next?**