

## Staff Paper

Date **December 6, 2010**

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Project	<b>Financial Statement Presentation</b>
Topic	<b>Next Steps</b>

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### Introduction

1. This paper addresses the staff's remaining outreach activities and how the boards might move forward on the project given their decision in October to not issue an Exposure Draft on financial statement presentation (FSP) in the first quarter of 2011.

### Remaining outreach activities

2. Working Group (WG) paper 1 summarizes the outreach activities the staff has been engaged in since August 2010. We plan to complete most if not all of our outreach activities by the middle of December. The following describes the activities remaining as of November 29:
  - (a) EFRAG meetings in Germany, the United Kingdom, and France. The last meeting will be held on 2 December, 2010
  - (b) One field visit (that had to be rescheduled to December)
  - (c) Field test
    - (i) Input from bank analysts on private company recast financial statements
    - (ii) Input (including completed questionnaires) from banks.
  - (d) Other meetings
    - (i) A meeting with a U.S. analyst group
    - (ii) A meeting with an insurance association

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This paper has been prepared by the technical staff of the FASB and the IFRS Foundation for 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. They do not purport to represent the views of any individual members of the FASB or the IASB.

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- (e) Recasting of financial statements to share “before/after” presentation with members of CRUF at their request and other user groups. One company expects to be done at the end of November, the other at the end of December.

Discussion questions—outreach activities
1. Is there anything else the staff should do prior to bringing their outreach activities to a close?



### Possible directions for the project

- 3. The staff plan to present the results of their outreach activities to the boards at their February 2011 joint meeting. At that joint meeting, the staff plan to ask the boards which tentative decisions in the July 2010 FSP Staff Draft should be revisited prior to issuing an Exposure Draft (in response to what we learn during the outreach activities). To aid that discussion, we expect that the joint meeting materials will describe some viable alternatives.
- 4. The staff think that the boards should consider modifying their tentative decisions in the following scenarios:
  - (a) We learn in our meetings with preparers and analysts and through the field test results that the costs exceed the benefits of particular aspects of the Staff Draft. In that case, the boards will be asked to reconsider their cost/benefit decision on a particular issue.
  - (b) We learn in our field visits/meetings with preparers and through the field test results that it is not practically feasible to get the information necessary to accommodate a proposed change. In that case, the boards will be asked to consider modifying or eliminating presentation or disclosure of that information.
  - (c) We learn through our outreach activities that there are more cost beneficial ways to deliver decision-useful information to users of financial statements.
  - (d) We learn in our meetings with financial services entities that one or more aspects of the Staff Draft will not result in decision-useful information for financial services entities.
  - (e) We learn that an aspect of the Staff Draft is being misinterpreted and misapplied or has an unintended consequence.

5. Our initial ideas on which tentative decisions should potentially be revisited and possible alternatives are the subject of WG papers 2–5 (structure of the statement of financial position, presentation of cash flow information, disaggregation of income and expenses, the analyses of changes in assets and liabilities, and the remeasurement note). Therefore, the input we receive at the December 6 WG meeting will not only help shape our February meeting materials, but also inform the boards in deciding how to move forward.
6. At the February joint meeting we expect the boards to discuss how the project should be conducted given the boards' decision to give priority to projects targeted for completion in June 2011 and to defer detailed discussions of the FSP proposals until after June 2011. The boards may discuss one or more of the following:
  - (a) Which aspects of the Staff Draft should be modified before issuing an Exposure Draft;
  - (b) When the staff should begin developing possible modifications to the tentative decisions in the Staff Draft (for example, first half 2011, not before June 2011, not until 2012);
  - (c) Whether the proposals in the Staff Draft should continue to be dealt with as a package or whether some issues should be worked on while others are put aside (a phased approach);
  - (d) Whether the staff should work on issues arising from outreach activities that are not addressed in the Staff Draft (for example, group reporting, interim reporting), or;
  - (e) When the Exposure Draft should be issued (for example, by the end of 2011, not until 2012) or a new goal for issuing the final standard.

**Discussion questions—direction of project**

2. Have we identified the correct issues for further consideration before the Exposure Draft is issued (see WG papers 2-5 and paragraph 5 above)?
3. Should all of the key issues discussed in WG papers 2-5 (see paragraph 5) be reviewed prior to issuing an Exposure Draft or should the boards wait to receive input through the comment letter process before making substantive changes to what was in the Staff Draft?

**Discussion questions—direction of project (continued)**

4. Should the boards continue to address the FSP project as a comprehensive look at the financial statements or should they address the issues in phases?
5. Should the boards aim to issue an Exposure Draft by year-end 2011 or later? When should the boards aim to have the standard finalized?
6. Should the boards consider whether to change or extend the scope of the project to include other comprehensive income and reporting performance? Other issues?