

MINUTES



Financial Accounting
Standards Board

To: Board Members

From: Project Team (Jones, ext. 384)

Subject: Minutes of the July 14, 2010, FASB
Board Meeting: *Conceptual
Framework*

Date: July 27, 2010

cc: FASB: Golden, Bielstein, Stoklosa, Proestakes, Chookaszian, Posta, Glotzer, Gabriele, Sutay, Klimek, McGarity, FASB Intranet, Willis, Teixeira, Project Team: FASB: McBeth, Lott, Jones; IASB: Lian, McManus, GASB: Reese; IASB: Leisenring

The Board meeting minutes are provided for the information and convenience of constituents who want to follow the Board's deliberations. All of the conclusions reported are tentative and may be changed at future Board meetings. Decisions become final only after a formal written ballot to issue an Accounting Standards Update or a Statement of Financial Accounting Concepts.

Topic: Measurement

Basis for Discussion: FASB Memo 98 / IASB Paper 16

Length of Discussion: 9:00AM – 10:15AM

Attendance:

Board members present: Herz, Linsmeier, Seidman, Siegel, and Smith

Staff in charge of topic: McBeth

Other staff at Board table: Lott, Golden, Andrews

Type of Document and Timing Based on the Technical Plan:

The Board met to discuss issues relating to the development of a Discussion Paper addressing Measurement within the Conceptual Framework project.

Please refer to the Current Technical Plan for information about the expected release dates of exposure documents and final standards.

Summary of Decisions Reached:

The Board reached the following tentative decisions (unanimously) relating to the development of preliminary views for the measurement chapter of the Conceptual Framework:

1. **Implications of the objective of financial reporting for measurement**—The financial statements are complements, and all of them provide information that is useful to users of financial reports. Therefore, the best way to satisfy the objective of financial reporting through measurement is to consider the effect of a particular measurement selection on all of the financial statements, instead of emphasizing the statement of financial position over the statement of comprehensive income or vice versa.
2. **General implications of the fundamental qualitative characteristics for measurement**—An explanation of how the fundamental qualitative characteristics of useful financial information (relevance and faithful representation) must be considered in selecting measurements should be developed within the measurement chapter. The Board discussed specific points supporting this tentative decision that will be developed further.
3. **Specific implications of the fundamental qualitative characteristics for historical cost and fair value**—The objective of selecting a measurement for a particular item is to maximize the information about the reporting entity's prospects for future cash flows subject to the ability to faithfully represent it at a cost that is justified by the benefits. Because neither historical cost nor fair value clearly and accurately describes the sets of possible measurement methods that are to be considered, those terms should not be used. One suggestion for categorizing the two different methods under consideration was to call them allocations and remeasurements.
4. **What should the measurement chapter accomplish**—The measurement chapter should list and describe possible measurements, arrange or classify the measurements in a manner that facilitates standard-setting decisions, describe the advantages and disadvantages of each measurement in terms of the qualitative characteristics of useful

financial information, and discuss at a conceptual level how the qualitative characteristics and cost constraint should be considered together in identifying an appropriate measurement. Without prescribing specific measurements for particular assets and liabilities, the measurement chapter should include cases or examples that demonstrate how the measurement chapter's concepts might be applied.

General Announcements: The FASB chairman announced that he added a limited scope project to the Board's agenda to achieve more consistent identification by lenders of troubled debt restructurings, thereby enhancing comparability.