

MINUTES



MEMORANDUM

To: Board Members
From: Concepts Team
Subject: Minutes of Board Meeting
Date: March 29, 2023
cc: Tosches

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: Conceptual Framework: The Reporting Entity

Basis for Discussion:
FASB Memo No. 5, "Comment Letter Summary and Issues for Redeliberations"

Length of Discussion: 9:00 a.m. to 9:17 a.m. (EDT)

Attendance:

Board members present: Jones, Kroeker, Botosan, Buesser, Cannon, Cosper, and Hunt

Board members absent: None

Staff in charge of topic: Switter

Other staff at Board table: Heyd, Little, Mongold, Leisenring

Outside participants: None

Type of Document and Timing Based on the Technical Plan:

The Board met to discuss issues relating to the development of a final Statement of Financial Accounting Concepts addressing The Reporting Entity. The Board has not yet determined the timing of the release of that final Statement of Financial Accounting Concepts.

Tentative Board Decisions:

The Board deliberated substantive issues that were identified by comment letter respondents to the Exposure Draft. The Board made the following decisions:

Agenda Decisions

The Board affirmed its decision that a reporting entity has three features: (1) economic activities have been conducted, (2) those economic activities can be distinguished from those of other entities, and (3) the financial information in general purpose financial reporting faithfully represents the economic activities conducted within the circumscribed area and is useful in making decisions about providing resources to the entity. **(Vote 7-0)**

The Board affirmed its decision that if a circumscribed area of economic activities includes a parent-subsidiary relationship, a full set of consolidated financial statements that faithfully represents the circumscribed area's economic activities is necessary to meet the objective of general purpose financial reporting. **(Vote 7-0)**

The Board affirmed its decision that parent-only financial statements depicting a circumscribed area of economic activities in which a parent-subsidiary relationship exists do not represent a full set of financial statements as defined in Chapter 7, Presentation, of FASB Concepts Statement No. 8, Conceptual Framework for Financial Reporting, and, therefore, are not sufficient to meet the objective of general purpose financial reporting. **(Vote 7-0)**

The Board affirmed its decision that a portion of a larger entity, such as a subsidiary, branch, or division, can represent a circumscribed area of economic activities and, consequently, meet the description of a reporting entity in paragraph RE5 of the Exposure Draft. **(Vote 7-0)**

The Board decided that combined financial statements can appropriately depict two or more entities that are under common control or common management if the two or more commonly controlled or commonly managed entities are combined to represent a circumscribed area of economic activities **(Vote 7-0)**

The Board directed the staff to draft final Chapter 2, The Reporting Entity, of Concepts Statement 8 for vote by written ballot. **(Vote 7-0)**

General Announcements: None.