

Audit Alert: FASB posts highlights from May 24 meeting

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The FASB met on May 24 to discuss the results of staff research on the reporting performance and cash flows subtopics in Chapter 4 of the Invitation to Comment, Agenda Consultation. The discussions were educational and no decisions were made. All decisions reached at Board meetings are tentative and may be changed at future meetings. The Board also discussed the potential new projects summarized below.

Segment reporting

The Board discussed potential improvements to segment reporting related to the aggregation criteria and the disclosure requirements. The Board asked the staff to consult with financial statement preparers to better understand their segment reporting processes as well as the impact of narrow-scope improvements to these areas.

Performance statement – structure and disaggregation

The Board discussed alternatives to operating performance measures related to the structure of the income statement, and asked the staff to further study developing an operating performance measure.

The Board also asked the staff to research operating income measures used by both financial entities and nonfinancial entities and to determine which items are currently being included and excluded from those measures.

Alternative ways to require more disaggregation of performance information, through either presentation in the performance statement or disclosures related to the performance statement, were also discussed. The Board asked the staff to provide additional analysis on the following alternative approaches:

- to disaggregate functional lines into natural components
- to redefine infrequency of occurrence
- to define and separate remeasurements
- to describe the aggregation process

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Cash flow statement – structure and classification

The Board discussed whether to revise the definitions of operating, investing, and financing activities, but requested no additional research on the topic.

Improvements to the classification guidance related to certain types of cash flows for which the existing guidance is either unclear or does not exist were also discussed, and the Board directed the staff to prepare an agenda request for a potential new project on targeted cash-flow classification improvements.

Articulation

The Board discussed how information was articulated in the financial statements and how improved presentation could make the interrelationships between the individual financial statements more apparent. The Board did not request that any additional work be performed on this subject, but stated that it might revisit this area, depending on the level of progress on the structure of the performance statement.

Source: Grant Thornton, *On the Horizon*, June 1, 2017.

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