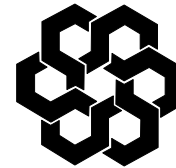




Financial Accounting
Standards Board



International
Accounting
Standards
Board®

**IASB/FASB/ASB INVITE NOMINATIONS FOR
INTERNATIONAL ADVISORY GROUP TO ANALYSE
ISSUES ON REPORTING FINANCIAL
PERFORMANCE/COMPREHENSIVE INCOME**

The International Accounting Standards Board (IASB), the United Kingdom Accounting Standards Board (ASB), and the United States Financial Accounting Standards Board (FASB) (collectively, the Boards) are forming an International Advisory Group to assist the Boards in their project to improve the information presented in the financial statements of business enterprises. Attachment 1 provides a brief summary of the project.

The Advisory Group will have about 20 members, most of whom will be professionals having significant experience and responsibility for the preparation, analysis, audit, or regulation of financial statements. Candidates with relevant academic experience and research are also sought. Members of the Advisory Group will assist the Boards and their project team by acting as a resource throughout the life of the project. Members will be expected to provide information and practical insights from their perspectives and also serve as a sounding board as reporting alternatives are being considered by the staff and deliberated by the Boards.

The Boards are seeking nominations for consideration as members of this Advisory Group. The table below shows how the Advisory Group might be composed to incorporate the relevant backgrounds for this topic.

| | | | | | |
|-----------|---------------------|---|-----------|------------------|---|
| Preparers | Non-financial | 4 | Other | Auditors | 2 |
| | Financial | 3 | | Academic | 1 |
| Users | Buy-side analysts | 3 | Observers | Regulators, etc. | 3 |
| | Sell-side analyst | 1 | | | |
| | Credit analyst | 1 | | | |
| | Professional bodies | 2 | | | |

The Boards will invite regulators to participate as observers. The Boards expect to receive more nominations than there are places available, and so unfortunately cannot guarantee that every nominee will be invited to join the Advisory Group. The Boards do not generally reimburse travel and other expenses of Advisory Group members.

The Boards believe that they have an opportunity for a fresh look at improving the information presented in the financial statements of business enterprises. Although the Boards have discussed the project at many Board meetings, other priorities forced the Boards to suspend work in 2003. Therefore, the Boards will regard the past work as a useful resource, but will not feel bound by it.

The focus of this project is to enhance the financial statement presentation so that users can obtain a better understanding of an enterprise's performance and position. The Boards are forming this Advisory Group of professionals to provide financial reporting expertise, and accordingly, a significant majority of the members of the Advisory Group will be selected from those nominated candidates that are closely involved in financial analysis or reporting at a senior level. Members should also be willing to set aside their existing views or practices in favour of working towards improved financial reporting. The Boards can learn from national or industry practice, but should not be constrained by it. The Boards are seeking a broad cross-section of candidates, preferably with global as

well as regional expertise. Please note that fluency in English is necessary as all correspondence and discussion documents will be in English.

The Boards expect that most of the communication with Advisory Group members will be conducted by email or video and telephone conferences. However, please note that the Boards plan to hold an initial meeting in July or August 2004, which likely will be held in London or New York. While it is difficult to provide exact time commitments for the Advisory Group, the Boards anticipate that the members will spend several hours per month assisting the project team.

Nominations:

The Boards invite nominations of candidates to participate in this Advisory Group. Please send nominations no later than **25 June 2004**, to the Director of Research at either the FASB (Sue Bielstein, sqbielstein@fasb.org) or the IASB (Wayne Upton, wupton@iasb.org.uk) or the ASB Secretary (David Loweth, d.loweth@frc-asb.org.uk). Please identify the nomination by using the subject line “International Advisory Group – Reporting Financial Performance/Comprehensive Income.”

Nominations should include a short biography and a statement of the nominee’s current capacity in professional organisations in which the nominee has relevant responsibilities.

Enquiries:

Jenni Sullivan at the FASB (jsullivan@fasb.org, +1 (203) 956-5279)

Farhad Zaman at the IASB (fzaman@iasb.org.uk, +44 (0)20 7246-6456)

Allan Cook at the ASB (a.cook@frc-asb.org.uk, +44 (0)20 7611 9703)

ATTACHMENT 1

Project Overview

The project is intended to improve the display of information in the primary financial statements in order to enhance communication between reporting enterprises and users of financial statements. In particular, the project aims to better enable investors, creditors, and others to evaluate an enterprise's financial performance. Motivations for the project include the following:

- There are different primary financial statements and different time periods for comparative data currently required in different jurisdictions.
- There is no consensus on standard definitions for key financial metrics or indicators of financial performance that financial statements should provide.
- There has been an increase in pro forma reporting, suggesting that the use of, and reliance on, current subtotals and totals (such as net income) as indicators of performance is decreasing.
- There is potential benefit in separating transactions and events that are recorded at historical cost from those that are recorded at fair value (for example, it is useful to clearly display the effects of fair value changes in the mixed-attribute model)
- There are some inconsistent classifications of information among the required financial statements.
- There is sometimes insufficient disaggregation of financial information, which inhibits financial analysis.