

Quick Summary of FASB Financial Statement Presentation Model

- The proposed model will affect only the organization and presentation of information displayed in the financial statements.
- Balance sheet, income statement, and cash flows statement will be organized into five sections.
 - Business (two subsections – operating and investing)
 - Financing
 - Income taxes
 - Discontinued operations
 - Equity
- Assets, liabilities, revenue, expenses, and cash flows will be classified into one of the five sections.
- Each item's classification will be based on managements' perspective about their businesses.
- Greater disaggregation of information required (by function and nature).
 - More line items and detailed information
- Direct method of reporting cash flows will be required (no more indirect cash flows statement)
- New Reconciliation schedule is introduced.
 - Reconciles amounts in cash flows statement to amounts in income statement.