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FRAMEWORK

Stakeholders are asked to provide input on the characteristics of a reporting entity by Jan. 16, 2023.

Oct. 19, 2022



The Financial Accounting Standards Board issued a [proposed new chapter](#) of its Conceptual Framework on Oct. 18 that describes a reporting entity.

The Conceptual Framework is a body of interrelated objectives and fundamentals that provides the FASB with a useful tool as it sets standards. A Statement of

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FASB with a framework for developing standards that meet the objective of financial reporting and enhance the understandability of information for existing and potential investors, lenders, donors, and other resource providers of a reporting entity.

Stakeholders are asked to provide input on the characteristics of a reporting entity described in the proposed chapter. This includes a description of a reporting entity as “a circumscribed area of economic activities that can be represented by general purpose financial reports that are useful to existing and potential investors, lenders, and other resource providers in making decisions about providing resources to the entity.” It also describes the three features of a reporting entity:

1. Economic activities of the entity have been conducted.
2. Those economic activities can be distinguished from those of other entities.
3. The financial information in general purpose financial reporting faithfully represents the economic activities of the entity in the circumscribed area and is useful in making decisions about providing resources to the entity.

The [proposed chapter](#), including information on how to submit comments, is available at www.fasb.org.

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