

Valuation Resource Group

Summary of Meeting Discussions

Updated as of the September 23, 2008 VRG Meeting

This document provides a summary of issues discussed by the Valuation Resource Group (VRG) and the FASB staff's observations. The purpose of the VRG is to provide the FASB staff with information on existing implementation issues surrounding fair value measurements used for financial statement reporting purposes and the alternative viewpoints associated with those implementation issues. ***The VRG does not make any authoritative decisions. Any authoritative decisions are subject to the FASB's normal open due process, including public deliberation by the Board.***

Issue 2007-1: Fair Value of Mortgage Loans

Date Discussed – 10.01.07

Background

1. FASB Statement No. 157, *Fair Value Measurements* (Statement 157) establishes that fair value is an exit price in the principal (or most advantageous) market from the perspective of the reporting entity. However, Statement 157 also indicates that the fair value measurement should consider attributes specific to the asset or liability, for example, the current condition and/or location of the asset or liability at the measurement date. For securitizers, it is unclear whether the price in the whole loan market or the price in the securitization market should be used; that is value it using its current form or one into which it can be transformed.

FASB Staff Observation

2. The FASB staff (the 'staff') observed that the VRG members expressed mixed opinions on whether mortgage loans should be measured in their current condition (prior to securitization) or in reference to the securitization market, assuming costs to transform are properly considered. See discussion below regarding the Board's action on this issue and Issue 2007-2.

Issue 2007-2: Unit of Account – Decomposition of an Asset

Date Discussed – 10.01.07

Background

3. It may be unclear whether the concepts of "unit of account" or "highest and best use" as defined in Statement 157 allow for the decomposition of an asset into its component parts, and the estimate of the price that would be received for the separate sale of those component parts, in order to determine the fair value of the asset.

FASB Staff Observation

4. At the November 14, 2007 Board meeting the staff submitted an agenda request to the Board on issuing guidance in the form of an FSP that would clarify the principles in Statement 157 relating to the unit of valuation and exit market concepts (collectively, Issues 2007-1 and 2007-2). The Board generally felt that the principles

Valuation Resource Group Summary of Meeting Discussions Updated as of the September 23, 2008 VRG Meeting

in Statement 157 provide adequate guidance on unit of valuation and exit market concepts. Accordingly, they decided not to add this item to the agenda. See [minutes](#) from the November 14, 2007 Board meeting.

Issues 2007-3: How to Factor Liquidity into Fair Value Measures

Date Discussed – 10.01.07

Background

5. Because the liquidity assumption is implicit in valuation models, there is diverse thinking as to how lack of liquidity should be factored into a fair value measurement.

FASB Staff Observation

6. See FASB observation of Issue 2007-4 below.

Issue 2007-4 Elements of Consideration for Determination of “Active Market”

Date Discussed – 10.01.07

Background

7. The term “active market” is not conclusively defined in Statement 157. The determination of an active market is crucial to the determination of the appropriate hierarchy level in the application of fair value for financial reporting.

FASB Staff Observation

8. The VRG agreed that any definition of active market must be principles-based and that it would be difficult to develop any additional principles-based guidance that does not include bright-line rules. Accordingly, the staff does not believe that any Board action or further action from the staff is warranted at this time. The staff will continue to monitor this issue.

Issue 2007-5: Determination of Principal Market

Date Discussed – 10.01.07

Background

9. In situations in which a company has access to multiple markets, it may be unclear whether the principal market should be determined based on entity-specific volume and activity or market-based volume and activity.

FASB Staff Observation

10. The staff observed that most VRG members believed that entity-specific volume and activity should be considered. The staff is of the view that, given the lack of significant diversity in views among the VRG, this issue does not warrant any Board action or further action from the staff at this time.

Valuation Resource Group
Summary of Meeting Discussions
Updated as of the September 23, 2008 VRG Meeting

Issue 2007-6: Highest and Best Use: Defensive Value

Issue 2008-1: Accounting for Assets that the Acquirer Does Not Intend to Use or Intends to Use in a Way Other Than its Highest and Best Use.

Date Discussed – 10.01.07

Background

11. Issues 2007-6 and 2008-1 are effectively the same issue, but were discussed at two VRG meetings.
12. FASB Statement 141 (Revised 2007), *Business Combinations*, indicates that assets that an entity does not intend to use directly must be recorded at their fair value, incorporating estimates market participants would make. Measuring these assets leads to questions related to the following:
 - a. Identifying the market participants
 - b. Determining whether the asset should be valued as a separate asset or in conjunction with other assets
 - c. Determining what useful life should be ascribed to the acquired asset.
 - d. Subsequent accounting and impairment testing

FASB Staff Observation

13. While the staff did not observe a consensus among VRG members on the valuation method for all defensive assets, the staff is of the view that little diversity in practice is expected to exist in the initial valuation methodology. The staff observed that the VRG did express a wide range of views on subsequent measurement for the defensive asset. As evidenced by the range of views within the VRG and the differences in accounting between the views, the staff believes that guidance on this issue would be helpful, especially as it relates to subsequent measurement and impairment testing. At the November 13, 2008 Emerging Issues Task Force (EITF) meeting, the Task Force reached a final consensus for EITF Issue 08-7 ‘Accounting for Defensive Intangible Assets’. Issue 08-7 provides guidance on the subsequent accounting for defensive intangible assets. Refer to the [EITF project summary](#) for more information.

Issue 2007-7 Assets Acquired through an Auction

Date Discussed – 10.01.07

Background

14. The definition of fair value under Statement 157 is the price received to sell an asset in an orderly transaction between market participants at the measurement date. In an auction, ordinarily the acquirer prevails by bidding an amount that is greater than the other market participants. The acquirer may be able to offer a higher price as a result

Valuation Resource Group
Summary of Meeting Discussions
Updated as of the September 23, 2008 VRG Meeting

of synergies that may not be available to other market participants. This situation raises questions on how the market participant view should be applied in determining fair value in auction scenarios.

FASB Staff Observation

15. The staff believes that this issue will not lead to any significant diversity in practice. Accordingly, the staff believes that this issue does not warrant any Board action at this time. The staff will continue to monitor this issue.

Issue 2007-8 Assets and Liabilities without Markets

Date Discussed – 10.01.07

16. See the [project summary](#) for proposed FSP FAS157-c ‘Measuring Liabilities under FASB Statement No. 157’. As it relates to assets, refer to VRG Issue No 2008-8 ‘Determining Whether a Discount should be Applied for a Restriction on Sale.’

Issue 2007-9 Pension Plan Disclosures

Date Discussed – 10.01.07

Background

17. The VRG considered whether Statement 157s disclosure requirements apply to pension assets disclosed in the plan sponsor’s financial Statements.

FASB Staff Observation

18. The Board concluded at the November 14, 2007 Board meeting that the disclosure requirements in Statement 157 do not apply to fair value measurements of the plan sponsor’s plan assets. However, the Board directed the staff to include disclosure requirements about fair value measurements, similar to those required by Statement 157. Proposed FSP FAS 132(R)-a ‘Employer’s Disclosures About Postretirement Benefit Plan Assets’ was issued as an exposure draft. See [project summary](#) of FSP FAS 132-(R)-a.

Issue 2007-10: Use of Net Asset Value in Fund of Fund Investments.

Date Discussed – 10.01.07

Background

19. After the adoption of Statement 157, one might conclude that the net asset value (NAV) of a fund (per unit) may not be appropriate for subsequent measurements of investments in funds. Even though NAV is based on the fair value of the underlying assets in the fund, it may not necessarily represent the price that would be received to sell an ownership interest in the fund in a transaction between market participants at the measurement date.

**Valuation Resource Group
Summary of Meeting Discussions
Updated as of the September 23, 2008 VRG Meeting**

FASB Staff Observation

20. The staff believes that it would be inconsistent with Statement 157 to presume that NAV automatically equals fair value. Further, the staff believes that Statement 157 provides reasonable guidance on how to adjust NAV to fair value. Accordingly, the staff is of the view that this specific issue does not warrant any Board action or further action from the staff at this time. The staff will continue to monitor this issue.

Issue 2007-11 Fair Value of a Liability with Third-Party Guarantees

Date Discussed – 11.09.07

21. Refer to [EITF Issue 08-5](#). At its September 24, 2008 meeting, the Board ratified the consensus reached by the Task Force on this Issue.

Issue 2007-12 Highest and Best use – land example

Date Discussed – 11.09.07

Background

22. Example 2 of Statement 157 illustrates the highest and best use concept using land acquired in a business combination. In that example, the highest and best use is determined by the greater of the fair value of the land in current use as a manufacturing facility (in-use) or the value of the land as a vacant site (in exchange). If the highest and best use for the land is a vacant lot, using the valuation premise for all assets in a group, methods of allocating fair value to the acquired property improvements and other assets in the group could be divergent.

FASB Staff Observation

23. The staff notes that significant agreement among the VRG members seems to indicate that little diversity in practice will result. As such, the staff is of the view that this issue does not warrant any current Board action or other action from the staff at this time. The staff will continue to monitor this issue.

Issue 2007-13 Definition of “significant” in Evaluating Inputs for Fair Value Hierarchy Classification

Date Discussed – 11.09.07

Background

24. Statement 157, (paragraphs 29 and C81) addresses adjustments to Level 2 inputs. It states “an adjustment that is significant to the fair value measurement in its entirety might render the measurement a Level 3 measurement, depending on the level in the fair value hierarchy within which the inputs used to determine the adjustment fall.” Statement 157 anticipates that adjustments to Level 2 inputs may be necessary. It is not clear; however, what might constitute a “significant” adjustment.

Valuation Resource Group
Summary of Meeting Discussions
Updated as of the September 23, 2008 VRG Meeting

FASB Staff Observation

25. The VRG was generally supportive that judgment was required to determine significance. The staff is of the view that it would be difficult to develop any principles-based guidance that is not a bright-line rule. Accordingly, the staff does not believe that any Board action or further action from the staff is warranted at this time. The staff will continue to monitor this issue.

Issue 2007-14 Accounting for Transaction Costs in Determining the Fair Value of an Investment

Date Discussed – 11.09.07

Background

26. Statement 157 states “the price in the principal (or most advantageous) market used to measure the fair value of the asset or liability shall not be adjusted for transaction costs”. Paragraph 1.06 of the AICPA Audit and Accounting Guide *Investment Companies* (the “Guide”) states, “Investment companies discussed in the Guide are required to report their investment assets at fair value”. Entities within the scope of the Guide are required to initially record investments at cost, including related commissions and other charges that are part of securities purchase transactions (transaction costs), with a subsequent measurement at fair value. Historically, some preparers have interpreted the initial measurement to be cost while others have expensed the transaction costs. The VRG was asked whether the adoption of Statement 157 should cause entities to exclude transaction costs from initial measurement for these investments.

FASB Staff Observation

27. Given the general agreement by members of the VRG that Statement 157 does not change measurements proscribed by the Guide the staff is of the view that this issue does not warrant any Board action or action from the staff at this time. The staff will continue to monitor this issue.

Issue 2008-2 Customer Relationships

Date Discussed – 02.01.08

Background

28. The multi-period excess earnings approach, a variation of the income approach is often used to value certain intangible assets. There is diversity in practice when estimating the fair value of overlapping customer relationships. Some valuation practitioners exclude projected revenue from overlapping customer relationships, while others include them.

**Valuation Resource Group
Summary of Meeting Discussions
Updated as of the September 23, 2008 VRG Meeting**

FASB Staff Observation

29. VRG members explained that diversity in practice around this issue has declined recently (compared to significant diversity a couple of years ago). The group also noted that The Appraisal Foundation will be addressing this issue in their project to develop best practices. The staff does not believe that any Board action or further action from the staff is warranted at this time. The staff will continue to monitor this issue.

Issue 2008-3 Valuation of Intangible Assets Using Current Replacement Cost

Date Discussed – 02.01.08

Background

30. Some intangible assets recognized in a business combination (like software, databases, distribution networks and assembled workforce) are often valued on the basis of “current replacement cost,” or on the basis of an “avoided cost” or “cost savings” methodology. Some valuation practitioners perform these calculations on a pre-tax basis and others calculate them on an after-tax basis.

FASB Staff Observation

31. The participants generally agreed that there is some confusion between the cost approach which should not be adjusted for taxes and the cost savings method (which most VRG members agreed was really an income approach) which should be adjusted for taxes. The staff is of the view that this is a valuation practice issue more than an accounting interpretation issue. Additionally, the staff is of the view that the diversity in practice that exists is small and therefore does not warrant any current Board action or further action from the staff at this time. The staff will continue to monitor this issue.

Issue 2008-4 Meaning of Legally Permissible in Assessing Highest and Best Use

Date Discussed – 02.01.08

Background

32. Paragraph 12 of Statement 157 indicates that a fair value measurement assumes the highest and best use of the asset by market participants, provided that the use of the asset is physically possible, legally permissible, and financially feasible at the measurement date. In applying the term legally permissible, questions have arisen over whether the determination of fair value should consider only uses of an asset that are legally available at the measurement date or if it is acceptable to consider uses for which the legal permissibility may be subject to change.

Valuation Resource Group
Summary of Meeting Discussions
Updated as of the September 23, 2008 VRG Meeting

FASB Staff Observation

33. The staff is of the view that there will be little expected diversity in practice and as such believes that this issue does not warrant any Board action or further action from the staff at this time. The staff will continue to monitor this issue.

Issue 2008-5 Allocation of Portfolio Based Credit Adjustments for Hedge Effectiveness Testing

Date Discussed – 02.01.08

Background

34. Statement 157 requires the fair value of an asset or liability to be determined based on the assumptions that market participants would use in pricing the asset or liability. Therefore, as many believe market participants would consider counterparty credit risk in pricing the derivative contract, an entity's valuation methodology should incorporate the effect of this risk on fair value. The VRG considered how portfolio-based credit adjustments on a portfolio of derivatives should be allocated to individual derivatives in the portfolio.

FASB Staff Observation

35. The participants generally agreed that no systematic and rational method for allocating portfolio based credit adjustment exists. The FASB staff understands that the SEC staff has informally addressed this issue at the request of Financial Executives Institute. Accordingly, the FASB staff believes that this issue does not warrant any Board action or further action from the staff at this time.

Issue 2008-6 Fair Value of Finished Goods Inventory

Date Discussed – 02.01.08

Background

36. When finished goods inventory is acquired in a business combination under Statement 141(R), the acquired finished goods inventory will be measured at fair value under the requirements of Statement 157. Questions have arisen regarding the application of the exit price notion and highest and best use concept in determining the fair value of finished goods inventory.

FASB Staff Observation

37. Given that it appears that paragraph A24(f) of Statement 157 effectively equates fair value for finished goods inventory to net realizable value (NRV), the staff is of the view that this issue does not warrant any Board action or further action from the staff at this time. The staff will continue to monitor this issue.

**Valuation Resource Group
Summary of Meeting Discussions
Updated as of the September 23, 2008 VRG Meeting**

Issue No 2008-10 Contingent Liabilities

Date Discussed – 05.08.08

Background

38. The fair value of a contingency for financial reporting purposes may likely be measured through an expected value computation. While this may be a reasonable approach if the possible outcomes take the form of a normal distribution, contingencies by their nature often do not. The fair value of a liability recorded using an expected value calculation may be far removed from an actual possible outcome.

FASB Staff Observation

39. At the October 29, 2008 Board meeting, the FASB Chairman announced that a project was added to the Board's agenda to reconsider the guidance in Statement 141(R) related to preacquisition contingencies. Refer to the [project summary](#) for additional information.

Issue No. 2008-7 Observable vs. Unobservable Fair Value Measurements in the Current Credit Environment

Date Discussed – 05.08.08

Background

40. Similar to VRG Issue No. 2007-4, determining whether a significant input is 'observable enough' in which to classify it in Level 2 requires judgment.

FASB Staff Observation

41. On October 10, 2008, the FASB issued [FSP FAS 157-3](#) 'Determining the Fair Value of a Financial Asset When the Market for That Asset Is Not Active'. This FSP provides clarification on the application of Statement 157 and discusses the use of Level 2 and Level 3 inputs during periods of market dislocation. The staff will continue to monitor this issue.

Issue No. 2008-8 Determining Whether a Discount Should Be Applied for a Restriction on Sale

Date Discussed – 05.08.08

Background

42. The staff asked the VRG members about how the guidance in Statement 157 on fair value measurements of assets subject to a restriction on sale is being interpreted in practice. The VRG was asked to address the following three specific circumstances:
- a. Restrictions on sale imposed by underwriting agreements
 - b. Restrictions on sale relating to board representation

Valuation Resource Group
Summary of Meeting Discussions
Updated as of the September 23, 2008 VRG Meeting

- c. Restrictions on sales of assets held as collateral

FASB Staff Observation

- 43. The staff recognizes that diversity in practice may exist and will be considering whether any future action by the FASB Board or staff will be necessary.

Issue No. 2008-9 Employee Benefit Plans

Date Discussed – 05.08.08

Background

- 44. The staff has received questions from the AICPA Employee Benefit Plans Expert Panel (EP) regarding the following issues relating to employee benefit plans:
 - a. When an entity would encounter a cash penalty for selling an asset early, should management's intent to hold the asset be considered in the fair valuation?
 - b. The EP was unsure how restrictions imposed on guaranteed investment contracts should be considered.
 - c. The EP believes that it is unclear which methodology would be considered acceptable for determining the fair value of evergreen group annuity contracts issued by insurance companies because these investments have no maturity date.
 - d. The EP is unclear how the exit price concept should be applied to participant loans because they cannot be sold.

FASB Staff Observation

- 45. The staff anticipates preparing an agenda request to the FASB Chairman to consider revising the AICPA literature as it relates to using fair value as the measurement attribute for participant loans. For other issues surrounding employee benefit plans, the staff will continue to monitor the issue, but does not believe that any Board action or further action from the staff is warranted at this time.

Issue No. 2008-11 IASB Expert Advisory Panel Paper "Measuring and disclosing the fair value of financial instruments in markets that are no longer active"

Date Discussed – 09.23.08

Background

- 46. The staff requested input from VRG members regarding (a) the usefulness of the draft document and (b) whether additional interpretative guidance on this issue from the FASB is necessary.

**Valuation Resource Group
Summary of Meeting Discussions
Updated as of the September 23, 2008 VRG Meeting**

FASB Staff Observation

47. Most VRG members stated that the guidance was useful because it provided best practices on the measurement and disclosure of the fair value of financial instruments in illiquid markets. Some members raised concerns that the draft discussion paper seemed rules based while others stated that it would be helpful if the paper emphasized the fact that the document was an educational discussion surrounding the application of current fair value guidance and not authoritative guidance from the IASB.
48. The staff participated as an observer to the Expert Advisory Panel and reviewed the final document. The staff believes that the best practices discussed in the final document are consistent with the guidance included in FSP FAS 157-3. The IASB issued the final Expert Advisory Panel document in October 2008 and the document is available on the IASB [website](#).

Issue No. 2008-12 Potential Additional Statement 157 Disclosure Requirements

Date Discussed – 09.23.08

Background

49. The staff requested comment from VRG members regarding the adequacy of existing disclosures required by Statement 157. Some constituents have requested additional disclosures related to fair value measurements in periods when relevant observable inputs are not available and reporting entities therefore utilize unobservable inputs to determine the fair value of assets and liabilities.

FASB Staff Observation

50. The staff noted that members were divided as to whether the current disclosures are sufficient for financial statement users. Preparers and auditors suggested that the burden on preparers, especially smaller private entities and not-for-profit organizations was already significant. Users stated that more disclosures are needed, particularly related to fair value measurements using unobservable inputs.
51. The staff anticipates preparing an agenda request to the FASB Chairman to consider a project to develop additional disclosures of fair value measurements.

Issue No. 2008-13 Observable v. Unobservable Inputs

Date Discussed – 09.23.08

Background

52. The staff sought input from VRG members about how Statement 157 guidance on the use of observable and unobservable inputs is being implemented in practice.

Valuation Resource Group Summary of Meeting Discussions Updated as of the September 23, 2008 VRG Meeting

FASB Staff Observation

53. On October 10, 2008, the FASB issued FSP FAS 157-3 ‘Determining the Fair Value of a Financial Asset When the Market for That Asset Is Not Active’. This FSP provides clarification on the application of Statement 157 and discusses the use of Level 2 and Level 3 inputs during periods of market dislocation. The staff will continue to monitor this issue.

Issue No. 2008-14 Fair Value Measurement of Liabilities under Statement 157

Date Discussed – 09.23.08

Background

54. Constituents have raised concerns about the fair value measurement of liabilities because most liabilities have a permanent legal restriction on transfer. As a result, no observable information is available for measurement. The staff requested information from VRG members regarding (a) additional alternative views that are being used in practice and (b) whether additional interpretative guidance from the FASB would be helpful to users and preparers.

FASB Staff Observation

55. The staff noted that VRG members suggested that additional guidance on this issue is needed. The Board plans to continue deliberations on proposed FSP FAS 157-c ‘Measuring Liabilities under FASB Statement No. 157’. See the [project summary](#) for additional information.

Issue No. 2008-17 Identification and Allocation of Market Participant Synergies

Date Discussed – 09.23.08

Background

56. Though Statement 141(R) indicates that synergies are a component of goodwill, both it and Statement 157 do not provide guidance regarding the allocation of synergies between market participant and entity-specific synergies. The staff requested that VRG members discuss alternative views with regard to the identification and allocation of market participant synergies. In addition, the staff sought (a) input on the merits of the alternative views discussed and (b) input on whether the lack of specific guidance in Statement 157 and Statement 141(R) with regard to the identification and allocation of such synergies would result in significant diversity in practice, and if so, whether limiting diversity in practice is important to financial statement users.

FASB Staff Observation

57. The staff observed that VRG members believed that preparers are currently properly distinguishing between entity-specific and market participant synergies. The staff is of the view that, given the lack of significant diversity in practice among the VRG,

Valuation Resource Group
Summary of Meeting Discussions
Updated as of the September 23, 2008 VRG Meeting

this issue does not warrant any Board action or further action from the staff at this time.

Issue No. 2008-15 Allocation of In-Use Valuation to Individual Unit of Account

Date Discussed – 09.23.08

Background

58. The staff requested information from the VRG regarding the determination of fair value at a unit of account level when an in-use premise is used for an asset group under Statement 157 and Statement 141(R). Statement 157 does not provide guidance on allocating the fair value of a group of assets (that is, the unit of valuation) using an in-use valuation premise to the individual assets (that is, units of account) when the unit of valuation is different than the unit of account. The staff requested comment from members on whether diversity in practice regarding this issue was expected.

FASB Staff Observation

59. The staff observed that most VRG members believed that allocating the entire in-use fair value of a group of assets to individual units of account (that is, a ‘top-down’ approach) would generally not be appropriate. VRG members noted that such an approach would be arbitrary in nature and may have the potential to eliminate goodwill as a residual in a business combination. Statement 157 does, however, indicate that generally assumptions about the highest and best use of the asset should be consistent for all the assets of the group within which it would be used. The staff is of the view that, given the lack of significant diversity in views among the VRG, this issue does not warrant any Board action or further action from the staff at this time.

Issue No. 2008-16 Fair Value of Accounts Receivable, Accounts Payable, and Other Accrued Liabilities in a Business Combination

Date Discussed – 09.23.08

Background

60. Statement 141 provided guidance on determining the value of trade receivables, payables, and accrued liabilities generally as the present value of amounts to be received or paid determined at current interest rates. In practice, however, most entities recorded the components of working capital at book value because the differences resulting from the current interest rate were generally deemed to be immaterial. The staff sought input from VRG members about the valuation of accounts receivable, accounts payable, and other accrued liabilities in a business combination under Statement 157 and Statement 141(R) because Statement 141(R) requires a fair value measurement attribute for all acquired assets and assumed liabilities.

Valuation Resource Group
Summary of Meeting Discussions
Updated as of the September 23, 2008 VRG Meeting

FASB Staff Observation

61. The staff observed that VRG members indicated that there may be diversity in practice regarding the valuation of accounts receivable, accounts payable and other accrued liabilities in a business combination. Some VRG members expressed that a market participant is a potential acquirer of the business as a whole and will require the acquired net working capital to continue as an ongoing business. Other VRG members expressed that the valuation of each asset or liability would depend on the facts and circumstances. The staff will monitor whether diversity in practice occurs and will consider whether any future action by the FASB Board or staff will be necessary.

Issue No. 2008-18 Fair Value of Noncontrolling Interest and a Previously Held Equity Interest

Date Discussed – 09.23.08

Background

62. The staff sought input from VRG members regarding the fair value measurement of a noncontrolling interest and a previously held equity interest under Statements 157, 141(R), and 160 and whether or not a control premium should be considered when measuring the fair value of the previously held equity interest.

FASB Staff Observation

63. The staff noted diversity among the views of the VRG members. Some VRG members felt that the measurement of the previously held equity interest should reflect a control premium while others did not. The observer from the IASB, who participated on the joint FASB/IASB business combination project team, noted that her belief was that the intent of the Board was to exclude any control premium to determine gain or loss on a previously held equity interest. The staff will monitor whether diversity in practice occurs and will consider whether any future action by the FASB Board or staff will be necessary.

Issue No. 2008-19 Impact of Valuing Contingent Liabilities Under Statement 141(R)—Gross v. Net Analysis

Date Discussed – 09.23.08

Background

64. This issue was not discussed at the September 23, 2008 VRG meeting due to the pending agenda decision to add a project to the Board's agenda to reconsider the guidance in Statement 141(R) related to preacquisition contingencies. At the October 29, 2008 Board meeting, the FASB Chairman announced that this project was added to the Board's agenda. Refer to the [project summary](#) for additional information.