

MINUTES



To: FASB Board Members

From: Leases Team (Woo, x393)

Subject: Minutes of the June 16, 2010, Board Meeting: Leases **Date:** June 17, 2010

cc: FASB: Golden, Bielstein, Lott, Proestakes, Stoklosa, Mechanick, Zeyher, Helmus, Homant, Gonzales, Phillips, Woo, C. Smith, Brickman, Hood, Glotzer, Gabriele, Sutay, FASB Intranet, McGarity, Klimek
FASAC: Chookaszian, Posta, Guasp; GASB: Finden, Avis; IASB: Leisenring, Francis, Knubley, Lian, Vatrenejak, Kim

The Board meeting minutes are provided for the information and convenience of constituents who want to follow the Board's deliberations. All of the conclusions reported are tentative and may be changed at future Board meetings. Decisions become final only after a formal written ballot to issue an Accounting Standards Update or a Statement of Financial Accounting Concepts.

Topic: Leases

Basis for Discussion: FASB Memo No. 105—Lessor Accounting: Derecognition Approach—Transition

FASB Memo No. 106—Lessor Accounting—Accounting for Arrangements with Service and Lease Components under the Derecognition Approach

Length of Discussion: 10:30 AM to 12:00 PM (EDT)

Attendance:

Board members present: IASB: Tweedie, Cooper, Danjou, Engström, Finnegan, Garnet, Gélard, Gomes, Kalavacherla, Leisenring, McConnell, McGregor, J. Smith, Yamada, and Zhang

FASB: Herz, Linsmeier, Seidman, Siegal, L. Smith

Board members absent: None

Staff in charge of topic: FASB: Zeyher

IASB: Knubley

Other staff at Board table: FASB: Stoklosa, Golden

IASB: Teixeira, Francis, Lian, and Kim

Staff participating via videoconference:

FASB: Gonzales, Helmus, Phillips, Woo

Outside participants: None

Type of Document and Timing Based on the Technical Plan:

The Board met to discuss issues relating to the development of a proposed Accounting Standards Update addressing leases.

The Board's technical plan calls for the document to be issued in the third quarter of 2010.

Summary of Decisions Reached:

The Boards discussed:

1. Transition under the partial derecognition approach to lessor accounting
2. Accounting for arrangements with service and lease components under a derecognition approach to lessor accounting.

Transition under the Partial Derecognition Approach to Lessor Accounting

The Boards tentatively decided that lessors should recognise and measure all outstanding leases at the date of initial application of the proposed new leases requirements. The recognised lease receivable should be measured at the present value of the remaining lease payments. The recognised residual asset should be measured at fair value. (FASB: 4 to 1; IASB: 9 to 6)

Accounting for Arrangements with Service and Lease Components under a Derecognition Approach to Lessor Accounting

The Boards discussed how lessors should separate services from leases when the services and leases are not distinct. No decisions were made at this meeting.

General Announcements: None