MINUTES

Financial Accounting Standards Board

To: Board Members

From: Stoviak (x471)

Subject: Minutes of the March 21, 2011 Joint Board Meeting: Revenue Recognition **Date:** March 28, 2011

cc: Sutay

The Board meeting minutes are provided for the information and convenience of constituents who want to follow the Boards' 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: Revenue Recognition: Determining the Transaction Price

Basis for Discussion: FASB Memorandums 140, 140A, and 140B

Length of Discussion: 8:00 a.m. to 9:45 a.m. EDT

Attendance:

Board members present: FASB: Seidman, Buck, Golden, Linsmeier, Schroeder, Siegel, and Smith
IASB: Tweedie, Cooper, Danjou, Engström, Finnegan, Gomes, Kalavacherla, König, McConnell, McGregor, Pacter, Scott, Smith, Yamada, and Zhang

Board members absent: None

Staff in charge of topic: FASB: Bement
IASB: Rees and Brady

Other staff at Board table: FASB: Cadambi and Proestakes
IASB (via video): Brady, McManus, and Pitman

Outside participants: None

Type of Document and Timing Based on the Technical Plan:

The Boards met to discuss issues relating to the development of a final standard. The Boards' technical plan calls for that document to be issued in the second quarter of 2011.

Summary of Decisions Reached:

The Boards discussed when and how an entity should adjust the promised amount of consideration in a contract to reflect the effects of the time value of money.

The Boards tentatively decided that an entity should adjust the promised amount of consideration to reflect the time value of money if the contract includes a financing component that is significant to that contract. In assessing whether a contract has a significant financing component, an entity should consider various factors, including the following:

1. Whether the amount of customer consideration would be substantially different if the customer paid in cash at the time of transfer of the goods or service
2. Whether there is a significant timing difference between when the entity transfers the promised goods or services to the customer and when the customer pays for those goods or services
3. Whether the interest rate that is explicit or implicit within the contract is significant.

The decision was supported by all members of both Boards.

The Boards also tentatively decided that, as a practical expedient, an entity should not be required to assess whether a contract has a significant financing component if the period between payment by the customer and the transfer of the promised goods or services to the customer is one year or less.

That decision was supported by 4 members of the FASB and 11 members of the IASB.

General Announcements: None