

## MINUTES



Financial Accounting  
Standards Board

**To:** FASB Board Members

**From:** Consolidations Team (Carpenter,  
x443)

**Subject:** Minutes of the July 13, 2011 Board  
Meeting: Consolidations

**Date:** July 15, 2011

**cc:** FASB: Cospers, Bielstein, Lott, Proestakes, Stoklosa, Mechanick,  
Farber, Handy, Laungani, Axt, Carpenter, C. Smith, Brickman, Hood,  
Glotzer, Gabriele, Sutay, FASB Intranet, McGarity, Klimek FASAC:  
Chookaszian, Posta, Guasp; GASB: Finden, Avis; IASB: Stewardt,  
Wright, Lloyd, Buschhueter, Ruane

*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: Investment Companies

Basis for Discussion: FASB Memo No. 39—Disclosures

Length of Discussion: 2:15 PM to 3:15 PM (EST)

Attendance:

Board members present: Seidman, Buck, Golden, Linsmeier, Schroeder,  
Siegel, L. Smith

Board members absent: None

Staff in charge of topic: Farber

Other staff at Board table: Cospers, Stoklosa, Laungani, Axt, Carpenter

Staff participating via  
videoconference: None

Outside participants: None

**Type of Document and Timing Based on the Technical Plan:**

The Board met to discuss issues related to the disclosures required for investment companies.

The Board's technical plan calls for a proposed Accounting Standards Update to be issued in the third quarter of 2011.

**Summary of Decisions Reached:**

At the June 8, 2011 Board meeting, the Board decided that an investment company would be required to consolidate an investment property entity when it holds a controlling financial interest in the investment property entity. At today's meeting, the Board decided that an investment company should calculate its financial highlights at the consolidated level if the investment company consolidates another entity. However, the financial highlights of the consolidated entity should exclude amounts attributable to the noncontrolling interest holders of the investment property subsidiaries.

The Board also decided that an investment company would be required to calculate an expense ratio that excludes the effects of consolidating an investment property entity.

The Board also decided that noncontrolling interests in a consolidated investment property entity should be presented in accordance with Topic 810 as follows:

1. The statement of assets and liabilities would reflect the noncontrolling interest separately from the equity held by the parent entity's investors.
2. The statement of operations would include an allocation of the increase in net assets from operations (net income) between the parent entity's investors and the noncontrolling interest.
3. The statement of changes in net assets would separately identify changes in net assets that are attributed to the parent entity's investors and those that are attributed to the noncontrolling interest holders.

The Board decided that the comment period for the proposed Accounting Standard Update would coincide with the end date of the comment period on the IASB's Exposure Draft on investment entities, which is expected to be 120 days.