

MINUTES



To: Board Members
From: Leases Team (Traub x263)
Subject: Minutes of January 30, 2013, Joint Board Meeting **Date:** February 11, 2013
cc: Sutay

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 253—Sweep Issue—
Lease Components and Classification of
Leases

Length of Discussion: 11:00AM to 11:45AM EST

Attendance:

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

IASB: Hoogervorst, Mackintosh,
Cooper, Danjou, Edelman, Engstrom,
Finnegan, Gomes, Kalavacherla,
McConnell, Ochi, Scott, Suh, Tokar,
Zhang

Board members absent: None

Staff in charge of topic: FASB: Zeyher

IASB: Buchanan

Other staff at Board table: FASB: Stoklosa, Walsh, Muehlbauer,
Gillard, Traub

IASB: Rees, Geisman, Heining

Outside participants: None

Type of Document and Timing Based on the Technical Plan:

The IASB and the FASB discussed questions that have arisen during the drafting of the revised Leases Exposure Draft about the identification of lease components and the classification of leases.

The Boards' technical plan calls for a revised Exposure Draft to be issued in the first half of 2013.

Summary of Decisions Reached:

The Boards tentatively decided to include the following guidance in the revised Exposure Draft:

1. How to identify separate lease components within a contract. The guidance would be similar to the proposed guidance in paragraphs 28 and 29 of the 2011 Revenue Recognition Exposure Draft about the identification of separate performance obligations. An entity would be required to account for each separate lease component as a separate lease.
2. How to determine the nature of the underlying asset for classification purposes when one lease component contains the right to use more than one asset. The Boards tentatively decided that an entity should determine the nature of the underlying asset for classification purposes on the basis of the nature of the primary asset within the lease component.

(FASB: *Unanimous*; IASB: *14-0, 1 abstension*)

The Boards tentatively decided that when applying the classification guidance to a property lease component that contains both land and a building, an entity:

1. Is not required to allocate lease payments between the land and the building; and
2. Would assess whether the lease term is for a major part of the remaining economic life of the building.

(FASB: *Unanimous*; IASB: *12-0, 1 abstension*)

Next Steps

The Exposure Draft is planned for publication in the first half of 2013.

General Announcements: None.