

MINUTES



To: Board Members

From: Nguyen (x376)

Subject: Minutes of the September 17, 2013 and September 18, 2013 Board Meetings

Date: September 20, 2013

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.

Topics: Collectibility, Constraint, and Licenses

Basis for Discussion: FASB Memorandum 174

Length of Discussion: September 17, 2013: 12:00 p.m. to 1:45 p.m. EDT;
September 18, 2013: 4 a.m. to 4:30 a.m. EDT

Attendance:

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

IASB: Hoogervorst, Mackintosh, Cooper, Danjou, Edelmann, Engström, Finnegan, Kabureck, Kalavacherla, McConnell, Ochi, Scott, Tokar, Suh, and Zhang

Board members absent: Gomes

Staff in charge of topic: FASB: Bauer and Schilb

IASB: Berchowicz and McManus

Other staff at Board table: FASB: Booth, Cospers, Harris, Nguyen, North, and Proestakes

IASB: Dara, Lloyd, and Rees

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 fourth quarter of 2013.

Summary of Decisions Reached:

The IASB and the FASB met and discussed the following topics raised in the drafting of the final standard on Revenue from Contracts with Customers.

1. Collectibility
2. Constraint
3. Licenses.

The Boards directed the staff to complete further analysis on each topic. The Boards also asked the staff to focus their analysis on each topic as follows:

Collectibility

The Boards asked the staff to focus on (1) improving the current drafting and (2) evaluating the alternative of including a collectibility threshold in the criteria for identifying a contract (that is, "Step 1" of the revenue model).

Constraint

The Boards asked the staff to focus on evaluating:

1. Whether to provide more specificity about the level of confidence to be used in the application of the constraint;
2. Whether to reinstate specific guidance that would address the accounting for a usage-based royalty on licenses of intellectual property; and
3. An alternative approach that refocuses the objective of the constraint on the quality of an entity's estimate and whether or not the entity should reassess that estimate.

Licenses

The Boards asked the staff to focus on improving the drafting of the criteria for distinguishing between a license that provides access to an entity's intellectual property and a license that provides a right.

Next Step

The staff will present further analysis on the topics at the October Board meeting. In addition, the staff are in the process of drafting the final revenue standard.

General Announcements: None