

MINUTES



MEMORANDUM

To: Board Members
From: CONPP Team (Kennedy, ext. 205)
Subject: Minutes of July 16, 2014, Board Meeting
Date: July 18, 2014
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: Consolidation: Principal versus Agent Analysis

Basis for Discussion: FASB Memo 64—Sweep Issues

Length of Discussion: 9:45 to 11:50 a.m.

Attendance:

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

Board members absent: None

Staff in charge of topic: Winters

Other staff at Board table: Cospers, Esposito, Proctor, Kennedy

Outside participants: None

Type of Document and Timing Based on the Technical Plan:

The Board's technical plan calls for a final Update to be issued in the second half of 2014.

Tentative Board Decisions:

The Board redeliberated the remaining issues on the November 2011 proposed FASB Accounting Standards Update, *Consolidation (Topic 810): Principal versus Agent Analysis*.

Alignment of the Definition of Participating Rights

The guidance in the proposed Update would have changed the voting interest entity (VOE) definition of participating rights to align with the variable interest entity (VIE) definition of participating rights. The Board decided to retain the current definition of participating rights for VOEs in Topic 810, Consolidation.

(Vote: 7 to 0)

Applicability to Nonpublic Business Entities

The Board decided not to provide recognition, measurement, or disclosure alternatives for nonpublic business entities.

(Vote: 7 to 0)

Cost and Benefits and Reexposure Considerations

The Board considered a staff analysis of the expected benefits and perceived costs of proposed changes to the consolidation guidance and concluded that those benefits justify the costs of change.

(Vote: 7 to 0)

The Board also considered its requirements for reexposure. The Board determined that reexposure was not necessary and decided to issue final guidance in an Accounting Standards Update, but only after an extended staff draft period and fatal-flaw process which would include an extended timeframe for external review by a broad range of stakeholders.

(Vote: 6 to 1)

Transition

The Board affirmed the transition guidance proposed in the Exposure Draft; entities can choose between either the full or modified retrospective methods of application. Additionally, the Board decided not to provide a separate transition alternative for nonpublic business entities.

(Vote: 7 to 0)

Effective Date

The Board decided that for public business entities, the final guidance should be effective for annual periods and interim periods within those annual periods beginning after December 15, 2015. The Board decided that for nonpublic business entities, the final guidance should be effective for annual periods beginning after December 15, 2016, and interim periods beginning after December 15, 2017.

(Vote: 7 to 0)

The Board decided to allow all entities the option of applying the new requirements in fiscal years beginning before the mandatory effective date.

(Vote: 7 to 0)

General Announcements:

None.