

MINUTES



MEMORANDUM

**To:** Board Members

**From:** Clarifying the Definition of a Business Project Team  
(Hillenmeyer x282)

**Subject:** Minutes of December 17, 2014 Board Meeting

**Date:** December 19, 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: Clarifying the Definition of a Business

Basis for Discussion: Board Memo No. 5

Length of Discussion: 10:30 a.m. to 11:30 a.m. EST

Attendance:

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

Board members absent: None

Staff in charge of topic: Hillenmeyer

Other staff at Board table: Cospers, Proestakes, Burgmeier, McMillen

Outside participants: None

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

The Board met to discuss issues relating to the development of an Exposure Draft addressing the definition of a business.

The Board has not yet determined the timing of the release of that Exposure Draft.

**Tentative Board Decisions:**

*Processes*

The Board decided to clarify that to be considered a business, a set of activities and assets must include inputs and one or more substantive processes that together contribute to the ability to create outputs. The Board instructed the staff to develop factors that indicate when a process is substantive. (Vote: 7-0)

*De Minimis or Other Similar Threshold*

The Board decided that the staff should explore a threshold to be used in the definition of a business similar to the de minimis threshold in EITF Issue No. 98-3, "Determining Whether a Nonmonetary Transaction Involves Receipt of Productive Assets or of a Business." Issue 98-3 said that if all but a de minimis amount of the fair value of the transferred set of activities and assets was represented by a single tangible or identifiable intangible asset, that was an indicator that the transferred set was an asset rather than a business. (Vote: 7-0)

*The Term Capable Of*

The Board decided to retain the concept of *capable of* in the definition of a business. The Board decided to revise the definition of *outputs* to focus on goods and services to customers. (Vote: 7-0)

*Market Participant*

The Board decided not to explore changes to the concept of a *market participant* in the definition of a business. (Vote: 7-0)

*Examples*

The Board may explore adding examples to help with the interpretation of what is considered a business.

**General Announcements:** None.