

MINUTES



MEMORANDUM

To: Board Members

From: Accounting for Goodwill Impairment
Project Team (Tanoue x205)

Subject: Minutes of the January 6, 2016
Board Meeting

Date: January 13, 2016

cc: Stacey Sutay (x270)

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: Accounting for Goodwill Impairment

Basis for Discussion: FASB Memo No. 1

Length of Discussion: 11:30 a.m. to 12:15 p.m. and 1:00 p.m. to 1:20 p.m.

Attendance:

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

Board members absent: None

Staff in charge of topic: Creps

Other staff at Board table: Cosper, Proestakes, Kamhi, Tanoue

Outside participants: None

Type of Document and Timing Based on the Technical Plan:

The Board met to discuss issues on the development of an Exposure Draft addressing the accounting for goodwill impairment.

The Board's technical plan calls for that document to be issued in the first half of 2016.

Tentative Board Decisions:

The Board discussed the impairment test for reporting units with zero or negative carrying amounts and the disclosure requirements for all entities. The Board made the following decisions.

Reporting Units with Zero or Negative Carrying Amounts

The Board decided that entities should apply the same impairment model for a reporting unit with a zero or negative carrying amount as the model for a reporting unit with a positive carrying amount by comparing the fair value of the reporting unit to its carrying amount. This reverses the Board's previous decision to require the write-off of goodwill allocated to reporting units with zero or negative carrying amounts.

(Vote: 4 to 3)

Disclosures

The Board decided that in addition to the current disclosure requirements, entities with reporting units with zero or negative carrying amounts should disclose the following:

1. Identification of reporting units with zero or negative carrying amounts
2. The amount of goodwill attributable to each reporting unit with a zero or negative carrying amount.

(Vote: unanimous)

Transition Disclosures

The Board decided that entities should provide the applicable disclosures described in paragraphs 250-10-50-1(a), which are the nature of and reason for the change in accounting principle, and 250-10-50-2, which states that the required transition disclosures should be included in both interim and annual financial statements in the period of the change.

(Vote: unanimous)

Next Steps

The Board directed the staff to draft a proposed Accounting Standards Update for vote by written ballot, with a comment period of 60 days.

(Vote: 6 to 1)

General Announcements: None.