

MINUTES



MEMORANDUM

**To:** Board Members  
**From:** Verbeek (x443)  
**Subject:** December 16, 2015 Board Meeting—Endorsement of PCC Consensuses  
**Date:** January 13, 2016  
**cc:** **Stacey 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: FASB Endorsement of Private Company Council (PCC) Consensuses

Basis for Discussion: Board Memo No. 2 (PCC Issue No. 15-01)

Length of Discussion: 9:00 am to 9:05 am

Attendance:

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

Board members absent: None

Staff in charge of topic: Barton

Other staff at Board table: Cheng, Dickson, Verbeek, Mechanick

Outside participants: None

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

The Board met to discuss endorsement of the consensuses reached by the PCC at its December 4, 2015 meeting on PCC Issue No. 15-01, “Effective Date and Transition Guidance,” and whether to issue a final Accounting Standards Update.”

The Update is scheduled to be released in the first quarter of 2016.

**Tentative Board Decisions:**

The Board endorsed the consensus reached by the PCC on Issue No. 15-01, “Effective Date and Transition Guidance.”

The Board endorsed the PCC’s consensus to make the guidance in the following Accounting Standards Updates effective immediately by removing their effective dates:

1. Update No. 2014-02, *Intangibles—Goodwill and Other (Topic 350): Accounting for Goodwill*
2. Update No. 2014-03, *Derivatives and Hedging (Topic 815): Accounting for Certain Receive-Variable, Pay-Fixed Interest Rate Swaps—Simplified Hedge Accounting Approach*
3. Update No. 2014-07, *Consolidation (Topic 810): Applying Variable Interest Entities Guidance to Common Control Leasing Arrangements*
4. Update No. 2014-18, *Business Combinations (Topic 805): Accounting for Identifiable Intangible Assets in a Business Combination.*

These changes allow private companies to forgo an initial preferability assessment that otherwise would have been required under Topic 250, Accounting Changes and Error Corrections, upon first election of the accounting alternatives in those Updates. Any subsequent election of those accounting alternatives will require a preferability assessment.

The Board also endorsed two other PCC consensuses relating to those four Updates:

1. To indefinitely extend their transition guidance
2. To require private companies electing one or more of those accounting alternatives to make the change using the original transition provisions included in those Updates for the first year applied. That is:
  - a. The accounting alternatives within Updates 2014-02, 2014-03, and 2014-07 must be applied as of the beginning of the first annual reporting period in which each alternative is elected.
  - b. The accounting alternative within Update 2014-18 must be applied as of the first in-scope transaction in the annual reporting period in which the alternative is elected.

*Next Steps*

The Board directed the staff to draft a final Accounting Standards Update for vote by written ballot.

**(Vote: 7 to 0)**

**General Announcements:** None.