

## MINUTES



## MEMORANDUM

**To:** Board Members

**From:** Clarifying the Definition of a Business team

**Subject:** Minutes of the October 10, 2016 Board Meeting on Clarifying the Definition of a Business (Phase 1)

**Date:** October 18, 2016

**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 (Phase 1)

Basis for Discussion: FASB Memo No. 30

Length of Discussion: 8:41 a.m. to 8:52 a.m .

Attendance:

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

Board members absent: None

Staff in charge of topic: Yepes

Other staff at Board table: Cospers, Proestakes, Dhimmarr, Gilioli, Holle, Engmann

Outside participants: None

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

The Board met to discuss issues relating to the development of a final Accounting Standards Update, *Business Combinations (Topic 805), Clarifying the Definition of a Business*.

The Board's technical plan calls for that document to be issued in December 2016.

**Tentative Board Decisions:**

The Board continued its redilberations of its November 2015 proposed Accounting Standards Update, *Business Combinations (Topic 805), Clarifying the Definition of a Business*, and discussed the following Topics:

1. Transition and transition disclosures
2. Effective date and early adoption.

*Transition and Transition Disclosures*

The Board affirmed its decision to require that the amendments in the Update be applied prospectively to any transaction that occurs on or after the effective date and to not require any transition disclosures.

(Vote 6 to 0; 1 abstain)

*Effective Date and Early Adoption*

The Board decided that public business entities should apply the guidance to annual reporting periods beginning after December 15, 2017, including interim reporting periods within that reporting period. All other entities should apply the guidance to annual reporting periods beginning after December 15, 2018, and interim reporting periods within annual reporting periods beginning after December 15, 2019.

(Vote 6 to 0; 1 abstain)

The Board decided that for acquisition transactions, entities may early adopt the amendments upon issuance as of the beginning of annual reporting periods and interim reporting periods within that reporting period.

(Vote 6 to 0; 1 abstain)

The Board decided that for disposal transactions, entities may early adopt the amendments as follows:

1. For public business entities, as of the annual reporting periods beginning after December 15, 2016, including interim reporting periods within that reporting period
2. For all other entities, as of the annual reporting periods beginning after December 15, 2016, including interim reporting periods within that reporting period. All other entities also may apply the amendments as of the annual reporting periods beginning after December 15, 2016, and interim reporting periods within annual reporting periods beginning one year after the annual reporting period in which the entity first applies the amendments.

(Vote 6 to 0; 1 abstain)

**General Announcements:** The Board will continue its redeliberations at a future meeting.