

MINUTES



MEMORANDUM

To: Board Members
From: Consolidation Team
(McKeown x399)
Subject: Minutes of November 2, 2016 Board Meeting on Consolidation
Date: November 15, 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: Consolidation (Topic 810)

Basis for Discussion: FASB Memo No. 2: Summary of Memorandums, and Benefits and Transition
FASB Memo No. 3: Potential Reorganization and Clarification of Topic 810
FASB Memo No. 4: Private Company—Applying VIE Guidance to Entities Under Common Control
FASB Memo No. 5: Targeted Improvements to Common Control Arrangements

Length of Discussion: 9:00 a.m. to 11:00 a.m. EST

Attendance:

Board members present: Golden, Kroeker, Botosan, Buck, Schroeder, Siegel, and Smith
Board members absent: None
Staff in charge of topic: Roberge
Other staff at Board table: Cospser, Esposito, Cheng, Drucker, Dhimmar, Collie, Dart, and McKeown
Outside participants: None

Type of Document and Timing Based on the Technical Plan:

The Board met to discuss topics relating to the addition of three separate issues to the technical agenda addressing the potential reorganization and clarification of Topic 810 and proposed amendments to variable interest entities guidance for common control arrangements.

The Board instructed the staff to prepare a staff draft of the proposed amendments, which will be discussed at a future public roundtable meeting comprising both public and private practitioners, preparers, and users.

Tentative Board Decisions:

Agenda Request

The Board decided to add a project to the Board's technical agenda to clarify consolidation guidance by reorganizing the guidance in Topic 810.

(Vote: 7–0)

Reorganization of Topic and Subtopics

The Board decided to create a new Topic 812, superseding Topic 810 in its entirety, and reorganize the guidance into separate Subtopics for Variable Interest Entity (VIE) and Voting Interest Entity (VOE) guidance.

(Vote: 7–0)

The Board decided to rescind Subsection "Consolidation of Entities Controlled by Contract" in Subtopic 810-10-15 and entire Subtopic 810-30, Consolidation—Research and Development Arrangements. The Board directed the staff to ask a question in a proposed Accounting Standards Update about whether the guidance is still applied and, if so, how.

(Vote: 7–0)

Simplification and Clarification of Guidance in Topic 810

Regarding changes to definitions or concepts in Topic 810, the Board made the following decisions:

- The Board decided to further clarify that power over a VIE is obtained through a variable interest.

(Vote: 6–1)

- The Board decided to further clarify the application of the concept of “expected,” which is used throughout the VIE consolidation guidance.

(Vote: 5–2)

The Board considered, but decided not to:

- Make additional changes to definitions or concepts within Topic 810 other than those listed above.

(Vote: 7–0)

- Include in a staff draft a question of whether any definitions, terms, or concepts should be clarified or simplified.

(Vote: 7–0)

Next Steps

The Board instructed the staff to prepare a staff draft of the proposed amendments, which will be discussed at a future public roundtable meeting comprising both public and private practitioners, preparers, and users. The staff draft also would include the Board’s discussion of a potential scope exception for private companies under common control and potential proposed amendments to all other entities under common control, in addition to the reorganization and clarification of Topic 810. The focus of the roundtable meeting is to gather feedback about (1) the proposed reorganization and clarification of the consolidation guidance and (2) the Board’s considerations of the VIE guidance for common control arrangements.

(Vote: 7–0)

General Announcements:

None.