

MINUTES



MEMORANDUM

**To:** Board Members  
**From:** Hoyer  
**Subject:** Minutes of January 24, 2018 Leases Implementation Board Meeting  
**Date:** January 29, 2018  
**cc:** Tosches

*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:** Leases—Codification Improvements

**Basis for Discussion:** FASB Memo 8: Topic 842 Technical Corrections Comment Letter Feedback Summary

**Length of Discussion:** 9:00 a.m. to 9:15 a.m. EST

**Attendance:**

Board members present: Golden, Kroeker, Botosan, Hunt, Monk, Schroeder, and Siegel

Board members absent: None

Staff in charge of topic: Roberge

Other staff at Board table: Kuhaneck, Faineteau, Park, Bologna, LaFrano, and Hoyer

Outside participants: None

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

The Board met to discuss feedback received on its proposed Accounting Standards Update, *Technical Corrections and Improvements to Recently Issued Standards: II. Accounting Standards Update No. 2016-02, Leases (Topic 842)*.

**Tentative Board Decisions:**

*Transition Guidance Related to Leases Acquired as Part of a Business Combination*

The Board clarified its intent about the proposed amendments made in subparagraphs 842-10-65-1(h)(3) and 842-10-65-1(w)(3). Specifically, the Board clarified that the net adjustment to equity resulting from the application of those two transition paragraphs would be zero.

(Vote: 7-0)

*Lessor Recognition of Variable Payments for Nonlease Components*

The Board clarified its intent with respect to the application of paragraph 842-10-15-40. Specifically, the Board observed that the paragraph in question does not override other relevant guidance that a lessor should apply related to the nonlease component(s). For example, the amount of variable payments allocated to the nonlease component(s) should be recognized in accordance with the guidance in Topic 606, Revenue from Contracts with Customers, if within the scope of that Topic.

(Vote: 7-0)

*Other Comments Received*

The Board discussed other feedback received on the proposed Update and decided not to act at this time. However, the Board directed the staff to monitor the issue on stakeholder concerns about the interaction of the guidance in Topic 606 related to repurchase options with the guidance in Topic 842 when the contract is accounted for as a lease.

(Vote: 7-0)

*Next Steps*

The Board directed the staff to draft a final Accounting Standards Update for vote by written ballot. The Board also directed the staff to document the summary of its public discussion of the Board meeting on the FASB's Implementation page for Leases.

**General Announcements:** None.