

MINUTES



MEMORANDUM

To: Board Members
From: Lazzara (x399)
Subject: Minutes of the October 10, 2018 Board Meeting: EITF Ratification
Date: October 12, 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: Board ratification of the two consensuses-for-exposure reached on EITF Issue No. 18-A and EITF Issue No. 18-B

Basis for Discussion: EITF Ratification Memorandum

Length of Discussion: 1:00 to 1:22pm

Attendance:

Board members present: Golden, Kroeker, Botosan, Buesser, Hunt, and Schroeder
Board members absent: None
Staff in charge of topic: Carter and Yepes
Other staff at Board table: Cosper, Bond, Gilioli, Lazzara, and Stansel
Outside participants: None

Type of Document and Timing Based on the Technical Plan:

The Board met to discuss the potential issuance of a proposed Update and the potential authorization by the FASB Chairman of the issuance of a Discussion Paper in the form of an Invitation to Comment resulting from EITF Issue No. 18-A, "Recognition under Topic 805 for an Assumed Liability in a Revenue Contract,". The Board also met to discuss the potential issuance of a proposed Update resulting from EITF Issue No. 18-B, "Improvements to Accounting for Episodic Television Series."

Tentative Board Decisions:

Ratification of EITF consensuses-for-exposure. The Board ratified the consensuses-for-exposure reached at the September 27, 2018 EITF meeting on the following EITF Issues. The Board directed the staff to draft proposed Updates reflecting each consensus-for-exposure for vote by written ballot.

Issue No. 18-A, "Recognition under Topic 805 for an Assumed Liability in a Revenue Contract"

The EITF reaffirmed the consensus-for-exposure (which was reached at its June 7, 2018 meeting) that the performance obligation definition in Topic 606, Revenue from Contracts with Customers, would be used to determine whether a liability assumed for a contract liability from a revenue contract with a customer is recognized by the acquirer in a business combination. The Task Force also reaffirmed the consensus-for-exposure that would require an entity to apply the proposed amendments prospectively to all business combinations that occur after the proposed amendments are effective and not to require any disclosures in the period of adoption. The Task Force decided not to address the measurement of the contract liability and the effect of payment terms on subsequent revenue recognition.

(Vote: 6-0)

In addition to the consensus-for-exposure being ratified by the Board, the FASB chairman authorized the staff to prepare a Discussion Paper in the form of an Invitation to Comment (separate from the proposed Update) to solicit input about measurement and other topics related to the Task Force's consensus-for-exposure.

(Vote: Authorized)

The Board decided to expose the proposed Update and the Invitation to Comment (the Discussion Paper) for public comment concurrently for a period ending on April 30, 2019.

(Comment Period Vote: 6-0)

Issue No. 18-B, “Improvements to Accounting for Episodic Television Series.”

The EITF reached a consensus-for-exposure to converge the capitalization guidance for films and episodic content. The Task Force also reached a consensus-for-exposure to allow an entity to assess a film group for impairment and amend the presentation and disclosure requirements for films and episodic content. In addition, the Task Force agreed to make conforming amendments to Subtopic 920-350, Entertainment—Broadcasters—Intangibles—Goodwill and Other, to align its impairment and presentation and disclosure guidance with the Task Force’s decisions. The Task Force also decided to require that an entity reassess estimates of the use of a film and account for any changes prospectively.

In addition, the Task Force reached a consensus-for-exposure that would require that an entity apply the amendments resulting from this Issue on a prospective basis and disclose the nature of and reasons for the change in accounting principle, the transition method, and a qualitative description of the financial statement line items affected by the change.

(Vote: 6-0)

The Board decided to expose the proposed Update for public comment for a period of 30 days.

(Comment Period Vote: 6-0)

General Announcements: None.