

MINUTES



MEMORANDUM

To: Board Members

From: Simplifying the Balance Sheet
Classification of Debt team (Padgett)

Subject: Minutes of the July 31, 2019 Board Meeting on Simplifying the Balance Sheet Classification of Debt

Date: August 1, 2019

cc: Dawn 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: Simplifying the Balance Sheet Classification of Debt

Basis for Discussion: Board Memo No. 19, Revised Proposed Update—Sweep Issues and Cost Benefit

Length of Discussion: 10:25 a.m. to 11:06 a.m. EDT

Attendance:

Board members present: Golden, Kroeker, Botosan, Buesser, Cospers, Hunt, and Schroeder

Board members absent: None

Staff in charge of topic: Posta, Wyss, and Padgett

Other staff at Board table: None

Outside participants: None

Type of Document and Timing Based on the Technical Plan:

The Board continued redeliberations of the proposed Accounting Standards Update, *Debt (Topic 470): Simplifying the Classification of Debt in a Classified Balance Sheet (Current versus Noncurrent)*. The Board made the following decisions.

Please refer to the current technical plan for information about project deadlines.

Tentative Board Decisions:

Classification Principle—Settlement of Debt through the Issuance of Equity

The Board clarified how an entity would apply the debt classification principle to a debt arrangement in which its contractual terms specify that it will be entirely settled through the issuance of equity.

(Vote: 7-0)

The Board decided to include a question for respondents in the revised proposed Accounting Standard Update about equity-settled debt arrangements.

(Vote: 7-0)

Variable Rate Demand Obligations with Remarketing Agreements

The Board decided that no further amendments to the revised proposed Update are necessary related to variable rate demand obligations with remarketing agreements.

(Vote: 7-0)

The Board decided not to include a question for respondents in the revised proposed Update about contingent put features in a debt arrangement.

(Vote: 7-0)

Grace Period Disclosures

The Board decided that the disclosure requirements for events of default and grace periods that have not expired before the balance sheet date should be consistent.

(Vote: 7-0)

The Board decided to remove a proposed disclosure for events of default, which would have required an entity to disclose *a description of the course of action that an entity has taken, or that it proposes to take, to remedy the default.*

(Vote: 4-3)

Master Glossary Definition of Current Liabilities and Illustrative Examples

The Board considered its prior decisions made on the Master Glossary definition of *current liabilities* and on illustrative examples. No changes were made.

(Vote: 7-0)

Analysis of Costs and Benefits

The Board concluded that it has received sufficient information and analysis to make an informed decision on the perceived costs of the changes and that the expected benefits would justify the expected costs of the amendments in the revised proposed Update.

(Vote: 7-0)

General Announcements: None