

MINUTES



MEMORANDUM

To: Board Members

From: Improving the Accounting for Asset Acquisitions and Business Combinations (Whitman)

Subject: Minutes of September 2, 2020 Board Meeting

Date: September 8, 2020

cc: Toches

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: Improving the Accounting for Asset Acquisitions and Business Combinations

Basis for Discussion: Board Memo No. 10

Length of Discussion: 9:00 a.m. to 9:40 a.m.

Attendance:

Board members present: Jones, Kroeker, Botosan, Hunt, Schroeder, Buesser, and Cospir

Board members absent: None

Staff in charge of topic: Yepes

Other staff at Board table: Salo, Kuhaneck, Posta, Yates, and Whitman

Outside participants: None

Type of Document and Timing Based on the Technical Plan:

The Board met to discuss the objective and scope of Phase 3 of the definition of a business project on improving the accounting for asset acquisitions and business combinations.

Tentative Board Decisions:

1. The Board affirmed that the objective of the project is to improve the accounting for asset acquisitions and business combinations by narrowing the differences between the two acquisition models (the accounting for acquisitions of assets and for the acquisitions of businesses). The Board directed the staff to consider the existing acquisition models, as well as other alternatives to narrow the differences and improve the accounting.
(Vote: 6 to 1)
2. The Board affirmed that the project should address the accounting for contingent consideration, transaction costs, certain recognition and measurement exceptions, as well as the accounting for contingent consideration and in-process research and development (IPR&D) by a primary beneficiary of a variable interest entity that is not a business.
(Vote: 7 to 0)
3. The Board removed narrowing the differences between the accounting for IPR&D in acquisitions of assets and acquisitions of businesses from the scope of the project.
(Vote: 6 to 1)
4. The Board removed the accounting for reassessments of lease contracts in asset acquisitions and the lease recognition and measurement exception from the scope of the project. These lease issues will be considered as part of the FASB's implementation efforts on leases.
(Vote: 7 to 0)

General Announcements: None