

MINUTES



Financial Accounting
Standards Board

To: FASB Board Members

From: Leases Team
(Phillips, x443)

Subject: Minutes of the January 5, 2010, Joint Board Meeting: Leases—Scope—Purchase and sales of the underlying asset **Date:** January 19, 2010

cc: FASB: Golden, Bielstein, Lott, Proestakes, Stoklosa, Mechanick, Zeyher, Helmus, Homant, Gonzales, Phillips, C. Smith, Brickman, Hood, Glotzer, Gabriele, Sutay, FASB Intranet, McGarity, Klimek, Willis; FASAC: Chookaszian, Posta, Guasp; GASB: Finden, Avis; IASB: Leisenring, Francis, Knubley, Lian, Vatrenjak, Kim

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.

Topic: Leases

Basis for Discussion: FASB Memo No. 56—Scope—Purchases and sales of the underlying asset

Length of Discussion: 7:00 a.m.–8:40 a.m. (EST)

Attendance:

Board members present: **IASB:** Cooper, Danjou, Finnegan, Garnett, Gélard, Gomes, and Wei-Guo

Board members participating via videoconference: **FASB:** Herz, Linsmeier, Seidman, Siegel, and L. Smith

IASB: Leisenring, Yamada

Board members participating by phone:	IASB: Engström, Kalavacherla, McConnell, McGregor, J. Smith,
Board members absent:	IASB: Tweedie
Staff in charge of topic:	Zeyher (FASB) and Knublely (IASB)
Other staff at Board table:	IASB: Francis, Teixeira, Clark, Lian, and Kim
Staff participating via videoconference:	FASB: Golden, Stoklosa, Homant, Helmus, and Phillips

Summary of Decisions Reached:

At the October 2009 joint meeting, the Boards tentatively decided to exclude from the scope of the proposed new leases requirements contracts that represent the purchase or sale of the underlying asset. At this meeting, the Boards discussed when a contract is the purchase or sale of the underlying asset.

The Boards tentatively decided that:

1. Contracts that transfer control of the underlying asset should be excluded from the scope of the proposed new leases requirements.
2. The proposed new leases requirements should provide indicators to help a reporting entity determine whether control has transferred.
3. Management of the reporting entity should exercise judgment and consider all relevant facts and circumstances when determining whether control of the underlying asset has been transferred.
4. Situations where control of the underlying asset has normally been transferred include:
 - a. Contracts where the title to the underlying asset automatically transfers
 - b. Contracts that include a bargain purchase option.

The Boards instructed the staff to provide additional analysis on the definition of control, how control would be assessed, and other possible indicators of control in the context of a lease contract.

Follow-up Items:

None.

General Announcements:

None.