



Financial Accounting Standards Board

FASB ROUNDTABLE MEETING AGENDA

Private Company Concerns regarding Consolidations

1. There is a presumption in U.S. GAAP that consolidated financial statements are more meaningful than separate financial statements and that they are usually necessary for fair presentation (810-10-10-1). The FASB's recently issued Statement 167, Amendments to Interpretation No. 46(R) now requires that the consolidation analysis for variable interest entities be based on a notion of control. Although there is a difference in the definition of control, this requirement is similar to the consolidation requirements for voting interest entities. Do you agree that the consolidation requirements should be based on the notion of control? If not, please articulate your rationale for not consolidating when a reporting entity controls another entity.
2. A common structure amongst private companies involves an operating entity leasing assets from a commonly owned lessor. Often, the operating entity is required to consolidate the commonly owned lessor entity as a result of the lessor entity being considered a variable interest entity and the operating entity being identified as the entity within the controlling related party group that is most closely related to the variable interest entity. Do you believe consolidating financial statements, or the recent requirements under Statement No. 167 to require separate presentation of elements of consolidated VIEs (ASC 810-10-45-25), alleviates these concerns?
3. The related-party guidance in paragraphs 810-10-25-42 through 25-44 (as amended by Statement 167) limits structuring opportunities by requiring a reporting entity to consider certain rights and/or interests held by its related-parties in the consolidation analysis. As discussed in question 2, the FASB is aware of certain private company scenarios where the related-party guidance may cause an operating entity to consolidate another commonly controlled entity. Please articulate any suggestions to improve the related party guidance that will alleviate private company concerns while preserving the objectives of the related party guidance.
4. The variable interest subsection in Subtopic 810-10 includes implementation guidance and illustrations in an attempt to provide examples on how to apply the concepts in paragraph 810-10-25-38A for identifying whether to consolidate a VIE to various fact patterns. Do the illustrations provide useful guidance for private companies applying the variable interest subsection in Subtopic 810-10 (as amended by Statement 167)? If not, please provide a detailed description of typical scenarios requiring significant judgment when applying the requirements in paragraph 810-10-25-38A that are not addressed in the implementation guidance.
5. The requirement to consider implicit variable interests is often considered to add complexities in the consolidations analysis performed for variable interest entities. The Board included this

Note: These materials are provided to facilitate discussion at the October 12, 2010 FASB Roundtable on Private Company Accounting and Reporting Issues. These materials are for discussion purposes only; they are not intended to reflect the views of the FASB or its staff. Official positions of the Board are determined only after extensive due process and deliberations.



Financial Accounting Standards Board

requirement to incorporate entities lacking explicitly stated interests that may hold otherwise substantive implicit variable interests within the consolidations analysis. The FASB is aware that there are significant concerns as to how private entities should apply the implicit variable interest guidance in the context of private companies? Please provide suggestions for improvements to this area, including how you believe that this will result in a more sound conclusion of which entity controls a variable interest entity.

Note: These materials are provided to facilitate discussion at the October 12, 2010 FASB Roundtable on Private Company Accounting and Reporting Issues. These materials are for discussion purposes only; they are not intended to reflect the views of the FASB or its staff. Official positions of the Board are determined only after extensive due process and deliberations.



Financial Accounting Standards Board

FASB ROUNDTABLE MEETING AGENDA

Private Company Concerns regarding Uncertain Tax Provisions

1. Describe the impact (material, immaterial or none) that the adoption of FIN 48 (Topic 740) had on the financial statements that you were involved with.
2. Describe the challenges associated with implementing FIN 48.
3. Share your views on the applicability of FIN 48 to non-public entities, and what improvements or further implementation guidance you feel should be considered in order to improve upon the requirements.

Note: These materials are provided to facilitate discussion at the October 12, 2010 FASB Roundtable on Private Company Accounting and Reporting Issues. These materials are for discussion purposes only; they are not intended to reflect the views of the FASB or its staff. Official positions of the Board are determined only after extensive due process and deliberations.