

MINUTES



To: Board Members

From: Leases Team

Subject: Minutes of June 13–14, 2011, Joint Board Meeting

Date: June 16, 2011

cc: FASB: Cospers, Bielstein, Lott, Proestakes, Stoklosa, Mechanick, Zeyher, Bauer, Helmus, Gonzales, Paul, Spreitzer, C. Smith, Brickman, Glotzer, Gabriele, Sutay, FASB Intranet, McGarity, Klimek; FASAC: Chookaszian, Posta, Guasp; GASB: Finden, Avis; IASB: Rees, Humphreys, Lian, Vatrenejak, Kim, Geisman, Davidson, Buchanan

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: Leases

Basis for Discussion: FASB Memo 168—Shariah-compliant leases—Lessor Issues

FASB Memo 180—Lessor Accounting

Length of Discussion: June 13: 12:00PM – 1:30AM EST
June 14: 7:00AM – 8:00AM EST

Attendance:

Board members present: FASB: Buck, Golden, Linsmeier, Schroeder, Seidman, Seigel, Smith

IASB: Tweedie, Cooper, Danjou, Engström, Finnegan, Gomes,

Kalavacherla, König, McGregor,
McConnell Pacter, Scott, Smith,
Yamada, Zhang

Staff in charge of topic:	FASB: Zeyher IASB: Humphreys
Other staff at Board table:	IASB: Rees, Buchanan
Staff participating via video:	FASB: Stoklosa, Bauer, Helmus, Cappiello, Spreitzer, Paul
Outside participants:	None

Type of Document and Timing Based on the Technical Plan:

The Board met to discuss issues relating to the development of a final Accounting Standards Update addressing leases.

The Board's technical plan calls for that document to be issued in the third quarter of 2011.

Summary of Decisions Reached:

The FASB and the IASB discussed Shariah-compliant lease contracts and lessor accounting.

Shariah-Compliant Lease Contracts

The Boards discussed the accounting implications of applying a right-of-use lease model to Shariah-compliant lease contracts. The discussion was educational in nature and no decisions were made.

Lessor Accounting

The Boards continued discussing the accounting by lessors under a right-of-use model.

The Boards discussed a single approach to lessor accounting whereby the lessor would recognize a lease receivable and a residual asset at lease commencement. The Boards will discuss at a future meeting whether and when, under such an approach, it is appropriate for a lessor to recognize profit at lease commencement. The Boards will also discuss at a future meeting whether there should be different lessor models for (1) a lease of a portion of an asset and (2) a lease of an entire asset.

The Boards did not make any decisions about lessor accounting at this meeting.

General Announcements: None.