

## MINUTES



Financial Accounting  
Standards Board

**To:** Board Members  
**From:** Maladtsova (x384)  
**Subject:** Minutes of the July 21, 2011, Joint Board Meeting: Effective Dates and Transition Methods  
**Date:** July 27, 2011  
**cc:** Sutay

*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: Effective Dates and Transition Methods

Basis for Discussion: FASB Memorandum No. 5, Cover Memo  
FASB Memorandum No. 6, Summary of Additional Outreach  
FASB Memorandum No. 7, Early Application and Early Adoption

Length of Discussion: 12:00 p.m. to 1:00 p.m. EDT

Attendance:

Board members present: FASB: Seidman, Buck, Golden, Linsmeier, Schroeder, Siegel and L. Smith  
IASB: Hoogervorst, Mackintosh, Cooper, Danjou, Engstrom, Finnegan, Gomes, Kalavacherla, Konig, McConnell, Ochi, Pacter, Scott, Smith and Wei-Guo

Staff in charge of topic: IASB: Lian, Pitman and Rees

Staff in charge of topic  
via video: FASB: Maladtsova

Other staff at Board table: IASB: Clark and Stewart  
FASB: Cospers and Stoklosa

Other staff via video: FASB: Cadambi and Proestakes

Outside participants: None

### **Type of Document and Timing Based on the Technical Plan:**

The Boards met to discuss further outreach conducted in relation to their Discussion Paper and Request for Views on effective dates and transition methods. The results of that outreach will be used in the redeliberation of issues of the four major joint projects—financial instruments, insurance, leases, and revenue recognition.

### **Summary of Decisions Reached:**

The Boards discussed the results of additional outreach with software providers and investors as input in considering the effective dates and transition methods for the four major projects—financial instruments, insurance, leases, and revenue recognition. The FASB also discussed the results of additional outreach with users and preparers of financial statements of nonpublic entities (which include non-publicly-listed companies and not-for-profit organizations).

The Boards discussed whether to permit early application of the standards resulting from the four major projects. The FASB agreed that early application generally should not be permitted; however, when making a final decision the Board will consider the facts and circumstances of each individual project. The IASB decided to permit early application of new IFRSs by first-time adopters of IFRSs. The IASB will consider the issue of early application by other entities on a standard-by-standard basis.

The Boards then discussed effective date in relation to the revenue recognition project. The Boards tentatively decided that the effective date of the revenue recognition standard would be set to ensure that the start of the earliest comparative period for an entity required to present two comparative annual periods (in addition to the current annual period) would be a few months after the standard is issued. The Boards noted that based on their current timetable for the project, the effective date of the standard would not be earlier than annual periods beginning on or after January 1, 2015.

The Boards discussed whether to permit early application of the standard. The FASB tentatively decided that early application should not be permitted, while the IASB tentatively decided that early application should be permitted.

The IASB will discuss at a future meeting whether the transition reliefs to retrospective application in the proposed standard should be extended to first-time adopters of IFRSs.

**General Announcements:** None.