

Media Meeting Recap

July 21, 2015

The Private Company Council (PCC) met on Tuesday, July 21, 2015. Below is a brief summary of issues addressed by the PCC at the meeting:

- **Preferability Assessment and Transition of PCC Alternatives:** The PCC added the project to its agenda, and voted to develop a proposal that grants private companies an unconditional one-time option to elect a PCC alternative without having to conduct an initial assessment to determine whether an alternative is preferable. The PCC also decided to extend transition guidance indefinitely for the [goodwill](#) and [interest rate swaps](#) alternatives.

The PCC recommended that the FASB consider whether the option should be extended to other alternatives developed by the FASB using the Private Company Decision-Making Framework. The PCC also recommended that the FASB consider providing additional guidance on assessing preferability.

- **Applying Variable Interest Entities (VIE) Guidance to Non-Leasing Common Control Arrangements:** The PCC asked FASB staff to conduct research to determine ways to clarify the application of VIE guidance through the use of examples. The PCC also asked FASB staff to research potential modifications to existing business scope exceptions to address application issues.

The PCC discussed the following projects (including stakeholder feedback from the Private Company Town Hall Meeting on Tuesday, July 14, 2015):

- **Leasing:** Eight of the ten PCC members reaffirmed their views contained within the [December 2013 comment letter](#). Six of the ten PCC members recommended that the FASB consider a linked (adjacent) balance sheet presentation of the operating lease assets and liabilities, which allows for netting of the two.
- **Simplifying the Balance Sheet Classification of Debt:** The PCC recommended that long-term debt with subjective acceleration clauses and/or material adverse change clauses should not be classified as current, unless the clauses are triggered. The PCC also recommended that debt covenant violations as of the reporting date that are waived before the issuance of financial statements, should not automatically trigger current classification of debt. However, the PCC was split on whether short term debt that is refinanced prior to financial statement issuance should continue to be classified as noncurrent.

The PCC also answered questions and provided input on the following projects:

- The Emerging Issues Task Force's (EITF) project on [Statement of Cash Flows](#)
- The FASB's project on [Disclosures by Business Entities about Government Assistance](#)

The next PCC meeting will be held on Friday, September 25, 2015. For more information on PCC projects, visit the [PCC website](#).

PCC Media Meeting Recaps are provided for those interested in following the activities of the PCC. Official positions of the PCC and the FASB are reached only after extensive due process & deliberations.