

## MINUTES



## MEMORANDUM

**To:** Board Members  
**From:** FASB Staff  
**Subject:** Minutes of October 19, 2016 Board Meeting  
**Date:** October 26, 2016  
**cc:** Stacey 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: Technical Corrections and Improvements—  
Update 2014-09, *Revenue from Contracts with Customers*

Basis for Discussion: FASB Memos No. 8 and 9

Length of Discussion: 9:55 a.m. to 10:45 a.m. EDT

Attendance:

Board members present: Golden, Kroeker, Botosan, Buck, Schroeder, Siegel, and L. Smith

Board members absent: None

Staff in charge of topic: Drobac, Mazzella, and Walsh

Other staff at Board table: Cosper, Brickman, Friend, Holle, and Jones

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 technical corrections and improvements to Accounting Standards Update No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*.

The Board plans to release that final Accounting Standards Update before the end of the year.

**Tentative Board Decisions:**

The Board met and redeliberated its September 2016 and May 2016 proposed Accounting Standards Updates on Technical corrections and improvements to *Update No. 2014-09, Revenue from Contracts with Customers (Topic 606)*.

*Amendments in the September 2016 Proposed Update*

The Board affirmed the following:

1. Amend the guidance in Topic 310, Receivables, and Topic 942, Financial Services—Depository and Lending, to clarify that financial guarantees within the scope of Topic 460, Guarantees, are excluded from the scope of Topic 606.
2. Amend Example 38, Case B, Contract Liability and Receivable—Noncancellable Contract, in Topic 606 to improve the alignment of the example with the presentation guidance in paragraph 606-10-45-4.
3. Remove the reference to *contract liability* in Example 40, Receivable Recognized for the Entity's Performance, in Topic 606.
4. Reinstate the guidance on accrual of advertising costs in paragraph 340-20-25-2.

**(Vote: 6 to 0, 1 abstention)**

*Amendments in the May 2016 Proposed Update*

The Board affirmed the following:

5. Amend paragraphs 606-10-50-14A through 50-14B to provide an additional practical expedient for the series provision and royalties on licenses of intellectual property as it relates to the disclosure of transaction price allocated to remaining performance obligations. **(Vote: 4 to 3)**
6. Amend paragraph 606-10-50-15 to include disclosure of the nature, the remaining contract duration, and a description of variable consideration for the performance obligations in which a practical expedient has been applied. **(Vote: 4 to 3)**
7. Relocate guidance in paragraph 606-10-50-8(c) on disclosure of revenue recognized from performance obligations satisfied in previous periods to a new paragraph within Topic 606. **(Vote: 6 to 0, 1 abstention)**

8. Remove the amendments to the guidance in Subtopic 340-10, Other Assets and Deferred Costs—Overall, on preproduction costs related to long-term supply arrangements from this project. **(Vote: 6 to 0, 1 abstention)**

*Next Steps*

Board directed the staff to draft a final Accounting Standards Update for vote by written ballot.

**(Vote: 4 to 2, 1 abstention)**

**General Announcements:** None.