

U.S. Reporting Newsletter for Non-U.S. Based Companies



Recent Developments

This newsletter reports recent developments in U.S. GAAP and IFRS Accounting and SEC that are of interest to non-U.S. companies

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IFRS Matters

FASB and IASB Update the Memorandum of Understanding

On September 11, 2008, the FASB and IASB issued an updated memorandum of understanding (MOU) describing the priorities and milestones related to their completion of major joint projects by 2011. The two boards have made considerable progress in converging their two sets of standards since the original MOU was issued in 2006. Notwithstanding these accomplishments, the boards' progress on many of the major projects has been limited. Reasons for this lack of progress include differences in views about (1) agenda size and project scope, (2) the most appropriate approach, and (3) whether and how similar issues in active projects should be resolved consistently.

In response, the boards put together a small team to develop recommendations on how to move forward with the remaining projects to achieve a 2011 completion date. The original MOU included 11 projects. The scopes and objectives of many of the projects have been, or are expected to be, revised.

[Click here](#) to access the news release announcing the MOU on the FASB Website.

Deloitte LLP has issued heads up, *FASB and IASB Publish Plan for Completion of Major Joint Projects by 2011*. The Heads Up discusses the FASB and IASB's updated memorandum of understanding (MOU), which describes the priorities and milestones related to the completion of major joint convergence projects by 2011.

[Click here](#) to access Deloitte's Heads Up on this topic.

IASB Proposes Amendments to IFRS 1

On September 25, 2008, the IASB issued an Exposure Draft (“ED”) for public comment containing amendments to IFRS 1, *First-time Adoption of International Financial Reporting Standards*.

The ED proposes additional exemptions for first-time adopters. These exemptions include the following:

- Oil and gas assets reported using the full cost accounting model under these entities’ previous GAAP.
- Certain costs capitalized under previous GAAP as property, plant, and equipment for use in regulated operations, which are not eligible for capitalization under IFRSs.
- An arrangement that contains a lease accounted for under previous GAAP when the method is comparable to that of IFRIC 4. Reassessment of leases is not required as of the date of adopting IFRSs.

The proposals address the retrospective application of IFRSs in selected areas and are aimed at ensuring that entities applying IFRSs will not face undue cost or effort in the transition process.

The ED is open for public comment till January 23, 2009.

[Click here](#) to access the news release announcing the issue of this ED on IASB’s Website.

IASB Issues Draft Document on Fair Valuation of Financial Instruments in Inactive Markets

In a September 16, 2008, press release, the IASB provided an update on the various projects it has undertaken in response to the credit crisis. As part of the fair value measurement project, the IASB issued a draft document for public comment, which summarizes the discussions of its Expert Advisory Panel on fair value measurements regarding practices used for measuring and disclosing financial instruments in inactive markets. The panel expects to review the responses shortly after they are due on October 3, 2008, and the IASB anticipates publishing a final document shortly thereafter. The document is anticipated to help the IASB develop an ED on fair value measurements, currently planned for issuance in mid-2009.

[Click here](#) to access the draft proposal on IASB’s website.

IASB Proposes Amendments to Discontinued Operations Standard

On September 25, 2008, the IASB published an ED for public comment containing amendments to IFRS 5, *Non-current Assets Held for Sale and Discontinued Operations*. The proposals are to revise the definition of discontinued operations and require additional disclosure about components of an entity that have been disposed of or are classified as held for sale.

As per the revised standards, a discontinued operation is a component of an entity that is:

- a) An operating segment and either has been disposed of or is classified as held for sale; or
- b) A business that meets the criteria to be classified as held for sale on acquisition.

Where, a component of an entity comprises operations and cash flows that can be clearly distinguished, operationally and for financial reporting purposes, from the rest of the entity.

By adopting a definition for discontinued operations that reflects the definition of operating segments in IFRS 8, *Operating Segments*, the proposals would also increase consistency between IFRSs and strengthen the basic principle in IFRS 5. The proposed definition could result in fewer items being recognized in financial statements as discontinued operations than at present. However, the additional disclosures would give information about components of an entity that have been disposed of or are held for sale but do not meet the definition of a discontinued operation.

The amendments are brought as a part of the joint project with FASB to develop a common definition of discontinued operations and required common disclosures for all components of an entity that have been disposed of or are classified as held for sale. As part of this joint project, the FASB also issued an ED of FSP FAS 144-d, *Amending the Criteria for Reporting a Discontinued Operation*.

Both EDs are open for public comment till January 23, 2009.

[Click here](#) to access the news release announcing the issuance of this ED on IASB’s Website.

[Click here](#) to access the ED of FASB’s FSP on their Website.

IFAC Issues Exposure Draft of IPSAS 5 on Borrowing Costs

On September 3, 2008, the IFAC issued an ED of proposed changes to IPSAS 5. Under the ED, borrowing costs would be immediately recognized as an expense. The ED further proposes an option to capitalize borrowing costs when the costs are incurred in connection with the “acquisition, construction or production of a qualifying asset.” The proposed amendment is a departure from the requirements of IAS 23 *Borrowing Costs* issued in March 2007.

[Click here](#) to access a press release announcing the ED is available on the IFAC’s Web site

Tips on Applying IFRS:

This section contains some tips and guidance on matters to look out for when preparing financial statements in accordance with IFRS. It is not intended to be an exhaustive list of all the requirements relevant in an area of accounting. Rather, it describes some of the commonly misunderstood items that we have seen in practice and also provides you with some tips on the best practices to adopt.

In the September edition of this newsletter, we will focus on the application of IFRS 2 *Share-based Payments* (“IFRS 2”), focusing specifically on the nature of transactions that are in fact captured within the scope of IFRS 2.

Tip #1: SHARE-BASED PAYMENTS GRANTED TO ENTITIES IN A CONSOLIDATED GROUP

Often employees of a subsidiary within a group (the ‘Entity’) will receive remuneration in the form of equity instruments of the parent or another entity within the group. It is important to remember that for the purposes of the financial statements of the Entity, such transactions are captured within the scope of IFRS 2 because the Entity receives the benefit of the employee’s service. As a consequence, IFRS 2 requires that the Entity recognize an expense, even if the equity securities are those of another entity. IFRIC 11 *Group and Treasury Share Transactions* provides guidance on the classification of such share-based payment arrangements.

Tip #2: TRANSFER OF EQUITY INSTRUMENTS BY SHAREHOLDERS TO EMPLOYEES

Transfers of equity interest by a shareholder (e.g. individuals) to parties, including employees, that have supplied goods or services to an entity, are within the scope of IFRS 2. Such payments may only be excluded from recognition under IFRS 2 if it can be shown that the transfer is clearly for a purpose other than for payment of goods or services.

Tip #3: INTERACTION OF BUSINESS COMBINATIONS AND IFRS 2

Although IFRS 2 does not apply to transactions in which an entity acquires goods as part of the net assets acquired in a business combination (to which IFRS 3 Business Combinations applies), there are circumstances related to business combinations that are within the scope of IFRS 2. In particular, share-based payments granted to employees of the acquiree in return for continued service with the entity are within the scope of IFRS 2. Additionally, cancellation, replacement, or other modifications of existing share based payment arrangements *as a result of a business combination* need to be accounted for in accordance with IFRS 2.

IFRS Tools

IAS Plus Website

Deloitte's IAS Plus is a comprehensive resource that discusses current and future developments in the IFRS environment. Deloitte is pleased to make available e-Learning training materials for IFRS free of charge on IAS Plus.

IAS Plus Newsletter

Includes quarterly international financial reporting news and is published for our clients and staff globally. The latest newsletter published in October 2008 is available on IAS Plus Website.

[Click here](#) to access the latest publication from IAS Plus Website.

IFRS Resource Library

As IFRS continue to gain acceptance around the world, more U.S. companies are inquiring about what IFRS mean for them. IFRS Resource Library includes a collection of Deloitte IFRS materials and resources, including Industry white papers and publications mentioned in this newsletter that further explores the many aspects of this evolving issue. Deloitte is committed to providing the latest information and support on IFRS for companies, schools and the finance profession.

[Click here](#) to access publications available on IFRS Resource Library.

IFRS Insights

Developed by the IFRS Solutions Center, IFRS Insights responds to the growing need among U.S. companies for current information on IFRS developments and the increasing demand for insights on IFRS implementation. Each issue of the newsletter will draw on news and perspectives from our network of experienced IFRS professionals to cover relevant topics for CFOs and senior financial executives.

[Click here](#) to access the latest publication of the newsletter.

Regulatory Matters

SEC Approves PCAOB's New Rules on Evaluating Financial Statement Consistency

On September 16, 2008, the SEC approved the PCAOB's adoption of Auditing Standard 6 *Evaluating Consistency of Financial Statements*. The new standard amends the PCAOB's interim auditing standards to bring them in line with Statement 154 *Accounting Changes and Error Corrections* and the FASB Codification.

The new standard and amendments:

- Require auditors to evaluate and report on the consistency of a company's financial statements.
- Require auditors to disclose the reason for an adjustment to previously issued financial statements (i.e., a change in accounting principle or a correction of a misstatement).
- Remove the GAAP hierarchy from the interim auditing standards (since the GAAP hierarchy relates to accounting, rather than auditing, standards).

Auditing Standard 6 will become effective on November 15, 2008.

[Click here](#) to access the standard on PCAOB's Website.

SEC Advises Registrants to Further Explain Fair Value in MD&A

In September 2008, the SEC's Division of Corporation Finance (the "Division") sent a letter to certain financial institutions concerning MD&A fair value disclosure considerations for their upcoming filings on Form 10-Q. These considerations are in addition to those identified in the Division's March 2008 letter. While the September 2008 letter (the "addendum") was sent to the same financial institutions as the March 2008 letter, the Division has indicated that, like the March 2008 letter, the addendum applies to other organizations.

The addendum is in response to reviews conducted by the SEC as well as roundtables held by the SEC on fair value earlier this summer. The SEC would like companies to consider disclosing:

- When material, how credit risk affected fair value measurements, including the gains or losses recognized on derivative liabilities that are attributable to changes in credit risk.
- How market illiquidity factors into fair value determination.
- Significant judgments used in classifying fair value measurements in the Statement 157 hierarchy.
- How brokers or pricing services are used in developing fair value measurements.

While the two letters do not replace or amend existing GAAP requirements, the SEC believes that the considerations outlined in the letters will provide investors with “clearer and more transparent” disclosures about the registrants’ fair value measurements and the methods and assumptions underlying these measurements.

[Click here](#) to access Deloitte’s September 18, 2008, and March 31, 2008, Financial Reporting Alerts

SEC Updates EDGAR

On September 18, 2008, the SEC adopted rules updating the EDGAR filing system to support the mandatory electronic filing of Form D. The updates include:

- Addition of new Form D online application.
- Insertion of relevant series and class identifiers in submission types PREM14A, DEFM14A, PREM14C, and DEFM14C.
- Incorporation of conformed name values for certain words.
- Correction of two errors in EDGARLite Form TA-2.

The updates became effective on September 24, 2008.

[Click here](#) to access the updated rules on SEC’s Website.

U.S. GAAP Matters

FASB Issues Exposure Documents on Amendments to Statement 140 and Interpretation No. 46(R)

The FASB recently issued three separate but related exposure drafts (EDs) for public comment. When finalized, the EDs will result in:

1) Amendments to Statement No. 140, *Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities*:

- Remove the concept of a qualifying special-purpose entity (QSPE) from Statement 140 and the related scope exceptions from Interpretation 46(R).
- Modify the derecognition conditions associated with legal isolation and effective control.

2) Amendments to Interpretation No. 46(R), *Consolidation of Variable Interest Entities*:

- Modify the consolidation model for variable interest entities (VIEs).
- Require continual reassessment of consolidation conclusions.

3) Additional disclosures being required for public companies related to such companies’ transfers of financial assets and involvement with variable interest entities.

As proposed, the amendments to Statement 140 and Interpretation No. 46(R) would be effective for fiscal years that begin after November 15, 2009; however, the disclosure requirements could be effective for public companies in their 2008 financial statements.

[Click here](#) to access the Exposure Documents on FASB’s website.

[Click here](#) to access Deloitte’s Heads Up on the topic.

FASB Issues Final FSP on Disclosures about Credit Derivatives and Certain Guarantees

The FASB has Issued FSP No. 133-1 *Disclosures about Credit Derivatives and Certain Guarantees: An Amendment of FASB Statement No. 133 and FIN 45-4 FASB Interpretation No. 45; and Clarification of the Effective Date of FASB Statement No. 161*. This FSP amends FASB Statement No. 133, *Accounting for Derivative Instruments and Hedging Activities*, and FASB Interpretation No. 45, *Guarantor’s Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others*, by requiring: (1) disclosures by sellers of credit derivatives,

including credit derivatives embedded in a hybrid instrument, and (2) disclosure about the current status of the payment/performance risk of a guarantee.

The FSP also clarifies that Statement 161 is effective for financial statements issued for fiscal years and interim periods beginning after November 15, 2008. Accordingly, an entity must provide the disclosures required by Statement 161 in its first set of financial statements issued for a reporting period that begins after November 15, 2008, regardless of whether that reporting period is an interim period.

[Click here](#) to access the FSP 133-1 and FIN 45-4 on FASB's website.

[Click here](#) to access Deloitte's Heads Up on the topic.

FASB and SEC Issue Clarification on Fair Value Accounting

On September 30, 2008, the SEC staff and FASB staff jointly provided clarifications on fair value accounting. The clarifications are based on the fair value measurement guidance in FASB Statement 157, *Fair Value Measurements*, and are intended to help preparers, auditors, and investors address fair value measurement questions that have been cited as most urgent in the current environment.

Besides general guidance on importance of clear and transparent disclosures in fair value measurements and assessment of impairment, the news release provides views of both FASB and SEC staff on the following questions:

- Can management's internal assumptions (e.g., expected cash flows) be used to measure fair value when relevant market evidence does not exist?
- How should the use of "market" quotes (e.g., broker quotes or information from a pricing service) be considered when assessing the mix of information available to measure fair value?
- Are transactions that are determined to be disorderly representative of fair value? When is a distressed (disorderly) sale indicative of fair value?
- Can transactions in an inactive market affect fair value measurements?
- What factors should be considered in determining whether an investment is other-than-temporarily impaired?

[Click here](#) to access the news release on SEC's Website.

Further, on October 1, 2008, FASB announced to issue a proposed FSP amending Statement 157. The proposed FSP will elaborate on some of the clarifications on fair value measurements discussed in the September 30 press release by including an example of how to determine the fair value of a financial asset when markets for the asset are not active. Click [08-11](#) and [08-12](#) to access Deloitte's Financial Reporting Alerts on this topic.

FASB Issues Proposed FSP on Discontinued Operations

On September 25, 2008, the FASB issued proposed FSP FAS 144-d, which amends the definition of a discontinued operation and the related disclosure requirements under Statement 144 *Accounting for the Impairment or Disposal of Long-Lived Assets*. This proposal parallels the IASB's proposed amendment to its definition and disclosure requirements under IFRS 5 *Non-current Assets Held For Sale and Discontinued Operations*. The FASB and IASB proposals are part of a joint project to develop a common definition of discontinued operations and consistent disclosures.

Under the proposed FSP, a discontinued operation is defined as a component of an entity that is either (1) an operating segment that has been disposed of or is classified as held for sale or (2) a business that has been acquired and is classified as held for sale.

The proposed FSP also amends the reporting requirements of Statement 144 to include additional disclosures for a component of an entity that has been disposed of or is classified as held for sale (except those resulting from an acquisition). Required disclosures would include:

- a. The profit or loss, together with major income and expense items constituting that profit or loss, including impairments, interest, depreciation, and amortization
- b. Whether the profit or loss in (a) is presented in continuing operations or in discontinued operations
- c. The major classes of cash flows (operating, investing, and financing)
- d. If applicable, the amount of pretax profit or loss reported as discontinued operations in the income statement
- e. If the component of an entity includes a noncontrolling interest, the profit or loss attributable to the parent.

For acquired entities classified as held for sale, disclosures would include:

- a. A description of the facts and circumstances leading to the expected disposal and the expected manner and timing of that disposal
- b. If applicable, the segment in which the long-lived asset (disposal group) is reported under Statement 131 *Disclosures About Segments of an Enterprise and Related Information*.

The FSP would be effective for financial statements for fiscal years (and interim periods within those fiscal years) beginning after December 15, 2009. Comments on the FSP are due by January 23, 2009.

A [news release](#) announcing the FSP is available on the FASB's Web site.

[Click here](#) to access the news release announcing the issue of this ED on IASB's Website.

FASB Delays Contingencies Project

In response to feedback from comment letters, the FASB decided at its September 24 meeting to delay until 2009 the finalization of any new, expanded disclosure requirements for loss contingencies that it had proposed in its ED on loss contingency disclosures. It also voted to defer the effective date of such requirements until no sooner than fiscal years ending after December 15, 2009. In addition, the FASB staff presented a plan to field-test (1) the ED's disclosure model and (2) an alternative model it is developing.

After field tests are completed, the FASB intends to conduct a roundtable discussion in early 2009 and redeliberate the ED.

[Click here](#) to access additional information on this project available on FASB's Website.

FASB Issues Exposure Drafts on Going Concern and Subsequent Events

On October 9, 2008, the FASB issued two separate but related EDs for public comment. The documents contain two proposed FASB Statements, *Going Concern* and *Subsequent Events*, intended to improve financial reporting by incorporating accounting guidance that originated as auditing standards into the body of authoritative literature issued by the FASB while converging U.S. GAAP and IFRS. Including this guidance in authoritative accounting literature as well as in auditing standards emphasizes that accounting and reporting are the primary responsibility of an entity and its management, not its auditor.

[Click here](#) to access press release on FASB's Website.

FASB Updates Codification for Insurance Industry

On September 19, 2008, the FASB announced the addition of an insurance industry topic to the FASB's Accounting Standards Codification. The topic integrates authoritative guidance applicable to the insurance industry, such as Statements 60 and 113; SOPs 00-3, 03-1, and 05-1; various EITF Issues; and various SEC literature. The Codification does not represent authoritative guidance until after the verification period, at which time it will supersede all existing accounting literature, other than guidance issued by the SEC.

The FASB is expected to formally approve the Codification for use in the second quarter of 2009 after addressing any issues raised during the verification phase.

[Click here](#) to access the announcement on FASB's Website.

[Click here](#) to access Deloitte's Heads Up on FASB Accounting Standards Codification.

EITF Meeting Highlights

The EITF met on September 10, 2008 to discuss various pending issues. Following is the summary of conclusions reached and status of the issues discussed.

[Click here](#) to access Deloitte's September 2008 EITF Snapshot.

Issue 08-5, Issuer's Accounting for Liabilities Measured at Fair Value With a Third-Party Credit Enhancement

Status: Final consensus.

The Task Force reached a consensus that an issuer of a liability with a third-party credit enhancement that is inseparable from the liability must treat the liability and the credit enhancement as two units of accounting. Under the consensus, the fair value measurement of the liability does not include the effect of the third-party credit enhancement; therefore, changes in the issuer's credit standing without the support of the credit enhancement affect the fair value measurement of the issuer's liability. Entities will need to provide disclosures about the existence of any third-party credit enhancements related to their liabilities that are within the scope of this Issue (i.e., that are measured at fair value).

The consensus is effective beginning in the first reporting period after December 15, 2008. Entities must apply this Issue prospectively, with the effect of initial application included in the change in fair value of the liability in the period of adoption. In the period of adoption, entities must disclose (1) the valuation method(s) used to measure the fair value of liabilities within the scope of this Issue and (2) any change in the fair value measurement method that occurs as a result of the initial application of this Issue. Early adoption is permitted.

Issue 08-6, Equity Method Investment Accounting Considerations

Status: Consensus-for-exposure.

The Task Force reached a consensus-for-exposure on all of the following issues, except the issue on how the difference between the investor's carrying value and the underlying equity of the investee should be allocated to the underlying assets and liabilities of the investee. The Task Force discussed some different approaches to address that issue but ultimately decided not to provide explicit guidance.

Initial Recognition and Measurement

- How the initial carrying value of an equity method investment should be determined.
- How the difference between the investor's carrying value and the underlying equity of the investee should be allocated to the underlying assets and liabilities of the investee.

Subsequent Measurement Issues

- How an impairment assessment of an underlying indefinite-lived intangible asset of an equity method investment should be performed.
- How an equity method investee's issuance of shares should be accounted for by an equity method investor.
- How to account for a change in an investment from the equity method to the cost method.

Regarding the other issues, the Task Force reached a consensus-for-exposure that (1) the initial carrying value of an equity method investment should be determined by applying the cost accumulation model described in paragraphs D4 and D5 of Appendix D of Statement 141(R); (2) the other-than-temporary impairment model of Opinion 18, not some other method that disaggregates the investment into the individual assets of the investee, should be used when testing equity method investments for impairment; (3) share issuances by the investee should be accounted for as if the equity method investor had sold a proportionate share of its investment (i.e., any gain or loss is recognized in earnings); and (4) when an investment is no longer within the scope of equity method accounting and instead is within the scope of cost method accounting or Statement 115, the investor should prospectively apply the provisions of Opinion 18 or Statement 115 and use the current carrying amount of the investment as its initial cost.

To coincide with the effective dates of Statements 141(R) and 160, a consensus would be effective for transactions occurring in fiscal years, and interim periods within those fiscal years, beginning on or after December 15, 2008. Early adoption would not be permitted. At its September 24, 2008, meeting, the Board ratified the consensus-for-exposure. It has been exposed for public comment, with comments due by October 22, 2008.

Issue 08-7, Accounting for Defensive Intangible Assets

Status: Consensus-for-exposure.

The Task Force reached a consensus-for-exposure that an acquired defensive asset should be accounted for as a separate unit of accounting (i.e., an asset separate from other assets of the acquirer). The Task Force also reached a consensus-for-exposure that the useful life assigned to that asset should be based on the period during which the asset would diminish in value. The Issue will provide additional examples illustrating how to determine this period.

The consensus would be effective for intangible assets acquired in fiscal years beginning on or after December 15, 2008. At its September 24, 2008, meeting, the Board ratified the consensus-for-exposure. It has been exposed for public comment, with comments due by October 22, 2008.

Issue 08-8, Accounting for an Instrument (or an Embedded Feature) With a Settlement Amount That Is Based on the Stock of an Entity's Consolidated Subsidiary

Status: Consensus-for-exposure.

The Task Force reached a consensus-for-exposure that freestanding financial instruments (or embedded features) that are indexed to the stock of a consolidated subsidiary are not precluded from being considered indexed to the entity's own stock in the consolidated financial statements. An entity will need to apply other applicable U.S. GAAP (e.g., Issue 07-5 or Issue 00-19) to determine whether the instrument (or embedded feature) should be classified as equity or as a liability (or asset). The Task Force included an anti-abuse provision as part of this consensus. This provision requires that any subsidiary referenced in the freestanding instrument (or embedded feature) be substantive to ensure that entities cannot receive equity classification for a financial instrument referenced to a subsidiary that has no business purpose (e.g., the subsidiary was formed to hold a derivative instrument or a commodity).

The consensus would be effective for fiscal years, and interim periods within those fiscal years, beginning on or after December 15, 2008. At transition, the carrying value of the instrument (or separated embedded feature) previously classified as a liability will be reclassified to noncontrolling interest. Early adoption would not be permitted. At its September 24, 2008, meeting, the Board ratified the consensus-for-exposure. It has been exposed for public comment, with comments due by October 22, 2008.

Issue 08-1, Revenue Recognition for a Single Unit of Accounting

Status: Tentative conclusion reached.

The Task Force tentatively concluded to address the following among other issues discussed:

- A revision to the fair value threshold for separation in Issue 00-21 *Revenue Arrangements with Multiple Deliverables*, and
- Whether the use of the milestone method for revenue recognition is appropriate.

The Task Force tentatively concluded to eliminate this criterion in Issue 00-21, instead deciding to replace it with a hierarchy for an entity to use when estimating the selling price of an undelivered item or items that meet the other conditions for separation in Issue 00-21.

The Task Force also tentatively concluded that the milestone method is an appropriate method of revenue recognition and that it will provide guidance on the application of that method in a separate Issue. This Issue will define the milestone method and give examples to help entities apply the Issue's guidance. Entities within the scope of this Issue will have to determine whether the milestone method is an appropriate revenue recognition model for a particular arrangement by assessing whether the milestones are contingent and whether the associated payments relate to and are commensurate with services provided before the milestone is reached.

Further deliberations by the Task Force are expected at its November 2008 meeting.

Administrative Matters – Revisions to Topic D-98

The SEC observer announced revisions to Topic D-98 *Classification and Measurement of Redeemable Securities*. The revisions primarily address the SEC staff's views regarding the application of Topic D-98 to the classification and measurement of convertible debt instruments within the scope of FSP APB 14-1. The revisions to Topic D-98 require mezzanine classification (i.e., outside of permanent equity) for instruments that are currently redeemable or convertible when the amount of cash required to be exchanged in a hypothetical settlement (as of the balance sheet date) of the liability-classified component exceeds the current carrying amount of that liability-classified component.

The SEC staff's revisions will be effective concurrently with the effective date, and pursuant to the transition provisions, of the FSP. The FSP is effective for fiscal years (and interim periods within those fiscal years) beginning after December 15, 2008. Early adoption is not permitted.

[Click here](#) to access Deloitte's September 2008 EITF Snapshot.

The Impact of the New Economic Stabilization Act on Assessment of Investments Impairments

Deloitte LLP has issued a new Financial Reporting Alert 08-15, *The Impact of the Emergency Economic Stabilization Act on the Assessment of Other-Than-Temporary Impairments*.

The Alert assesses the impact of the new Emergency Economic Stabilization Act of 2008 on investments and other-than-temporary impairment. The enactment of the Act may not affect an entity's assessment, as of a prior reporting date, of its intent to hold an impaired security until forecasted recovery. Regardless of its conclusions about the Act, an entity must still perform its customary periodic other-than-temporary impairment (OTTI) analysis as of the reporting date. Furthermore, to determine that impairment is not other-than-temporary, an entity must still assess, as of its reporting date, whether it has the intent and ability to hold an impaired security until forecasted recovery.

In documenting its OTTI analyses for reporting periods that ended before October 3, 2008, which is the effective date of the new act, an entity should highlight that the Act was a significant change in circumstances that occurred after the reporting date and has not been considered in the entity's assessment of OTTI as of the balance sheet date. The entity also should disclose in its MD&A any anticipated impact of the Act on its future financial position, results of operations, cash flows, or liquidity.

[Click here](#) to access the financial reporting alert.

SEC Clarifies Accounting for Bank Support of Money Market Funds

On September 17, 2008, the SEC responded to questions raised regarding the balance sheet accounting for sponsored money market funds. The SEC clarified that a sponsoring financial institution will not be required to present money market funds on the balance sheet if it did not "absorb the majority of the expected future risk associated with the money market fund's assets, including interest rate, liquidity, credit and other relevant risks that are expected to impact the value of the money market fund assets." However, sponsoring institutions should disclose the nature of the support in the financial statements.

Institutions that do absorb the majority of the expected future risk should consult with the SEC regarding appropriate presentation and disclosure in the financial statements.

[Click here](#) to access the press release on SEC's Website for more information.

FASB Webcasts

The FASB recently conducted a webcast under the webcast series initiated in January 2008. The latest webcast was on following topic:

- June 23, 2008 – Mid-year FASB Update
- FASB Webcast - Application of Statement No. 157, *Fair Value Measurements* - September 29 Webcast was postponed

[Click here](#) to access the archived event and slides of the webcasts from FASB website.

Deloitte Offers Dbriefs, Live Webcasts for Executive Level Audience

Now available to the audience outside of the U.S., Deloitte & Touche LLP offers Dbriefs, live webcasts that give valuable insights on a variety of business topics aimed at executive level audience across function and industry including:

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- Public Sector

Archived webcasts are available for 90 days after the live presentation. Read below the entire schedule of webcasts for the month of April 2008. To join Dbriefs:

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FAS 109

Carve-Out Financial Statements: Tax Considerations and Complexities
October 20, 2:00 PM EDT (18:00 GMT)

Corporate Governance

The Board's Role in Corporate Social Responsibility and Sustainability: It's More than Just Thinking Green
October 29, 2:00 PM EDT (18:00 GMT)

Life Sciences

IFRSs: What are the Implications for Life Sciences Companies ?
October 22, 2008, 2:00 pm - 3:00 pm EDT (18:00 GMT)

Transactions & Business Events

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November 05, 2:00 PM EST (19:00 GMT)

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Recent Deloitte Publications

Below is a list of Deloitte publications about the most recent rule proposals and legislative actions.

[Accounting Roundup: Third Quarter in Review – September 2008](#)

[EITF Snapshot – September 10, 2008 Meeting](#)

[Heads Up: FASB Issues Guidance on Measuring Fair Value of Financial Assets in an Inactive Market](#)

[Heads Up: Valuation Resource Group Discusses Nine Topics at September 23 Meeting](#)

[Heads Up: FASB Issues Exposure Documents That Eliminate QSPEs, Modify the Consolidation Model in Interpretation 46\(R\), and Expand Required Disclosures](#)

[Heads Up: FASB Issues FSP Requiring Enhanced Disclosure for Credit Derivative and Financial Guarantee Contracts](#)

[Heads Up: FASB and IASB Publish Plan for Completion of Major Joint Projects by 2011](#)

[Heads Up: SEC Proposes to Give Certain U.S. Issuers the Option to Use IFRSs and Proposes a Roadmap to a Mandatory Transition Date for All U.S. Issuers](#)

[Heads Up: A Common Denominator — FASB and IASB Issue Exposure Documents on Earnings per Share](#)

[Heads Up: SEC Holds Fourth Roundtable on IFRSs](#)

[Heads Up: Complexity DeCIFiRed — SEC Advisory Committee Releases Final Report](#)

[Financial Reporting Alert 08-15, The Impact of the Emergency Economic Stabilization Act on the Assessment of Other-Than-Temporary Impairments](#)

[Revised Financial Reporting Alert 08-16: SEC Issues Letter Clarifying Other-Than-Temporary Impairment Guidance for Perpetual Preferred Securities](#)

[Financial Reporting Alert 08-14: Potential Counterparty Default and Other Accounting Considerations Related to the Credit-Market Turmoil](#)

[Financial Reporting Alert 08-13: Accounting Considerations for Settlement Agreements Related to Auction Rate Securities](#)

[Financial Reporting Alert 08-12: FASB Votes to Issue Proposed Staff Position Clarifying Fair Value Measurement Guidance](#)

[Financial Reporting Alert 08-11: SEC and FASB Release Fair Value Clarifications](#)

[Financial Reporting Alert 08-10: SEC Advises Registrants to Further Explain Fair Value in MD&A — An Addendum to the March 2008 SEC Letter](#)

[IFRS Resource Library](#)

[IFRS Insights September 2008](#)

[IFRS and U.S. GAAP - A Pocket Comparison](#)

[International Financial Reporting Standards for U.S. Companies - Implications of an accelerating global trend](#)

[Buckle Up \(On the road to IFRS\) - Straight Talk Book Series – Book No. 11](#)

[Software Revenue Recognition: A Roadmap to Applying AICPA SOP 97-2](#)

[Consolidation of Variable Interest Entities: A Roadmap to Applying Interpretation 46\(R\)'s Consolidation Guidance](#)

[Uncertainty in Income Taxes: A Roadmap to Applying Interpretation 48](#)

[A Roadmap to the Accounting and Regulatory Requirements of Postretirement Benefits: Including an Overview of Statement 158](#)

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