

Accounting Roundup

Audit and Enterprise Risk Services

November 24, 2004

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FASB Developments

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Proposed FSP FAS 109-a, "Application of FASB Statement No. 109, *Accounting for Income Taxes, for the Tax Deduction Provided to U.S. Based Manufacturers by the American Jobs Creation Act of 2004*"

On November 15, 2004, the FASB issued proposed FSP FAS 109-a to provide guidance on the application of Statement 109 to the provisions within the American Jobs Creation Act of 2004 (the Act), which provides tax relief to U.S. domestic manufacturers. The proposed FSP states that a manufacturer's deduction provided for under the Act should be accounted for as a special deduction in accordance with Statement 109 and not as a tax rate reduction. The proposed FSP also reminds preparers that the special deduction should be considered by an enterprise in (a) measuring deferred taxes when the enterprise is subject to graduated tax rates, and (b) assessing whether a valuation allowance is necessary as required by Statement 109.

The FSP would be effective upon issuance. An enterprise that previously recognized the domestic manufacturing deduction as a tax rate reduction should restate its financial statements.

The [proposed FSP](#) is available on the FASB's Web site. The comment period ends on December 1, 2004.

Proposed FSP FAS 109-b, "Accounting and Disclosure Guidance for the Foreign Earnings Repatriation Provision Within the American Jobs Creation Act of 2004"

On November 15, 2004, the FASB issued proposed FSP FAS 109-b to provide accounting and disclosure requirements for the repatriation provisions included in the Act. The Act introduced a temporary one-time dividends received deduction on the repatriation of certain foreign earnings to a U.S.

Accounting Roundup is prepared by the National Office Accounting Standards and Communications Group of Deloitte & Touche LLP ("Deloitte & Touche"). The purpose of this publication is to briefly describe key regulatory and professional developments that have recently occurred in the field of accounting and to provide links to locations where additional information can be found on each topic. Readers seeking additional information about a topic should review the information referred to in the hyperlinks and not rely solely on the descriptions included in this communication.

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taxpayer (repatriation provision). The Act raised the issue of whether an enterprise should be allowed additional time beyond the financial reporting period in which the Act was enacted to evaluate the effects of the Act on its plan for reinvestment or repatriation of foreign earnings for purposes of applying Statement 109.

The proposed FSP states the following:

- An enterprise should be allowed additional time to evaluate the effect of the Act. However, if an enterprise has recognized a deferred tax liability for some or all of its unremitted foreign earnings because it did not overcome the presumption of repatriation of foreign earnings, it should continue to presume repatriation of those earnings as well as current foreign earnings that are not expected to be indefinitely reinvested.
- An enterprise in a position to determine the impact of the repatriation is required to apply the provisions of Statement 109 in the period in which it makes that determination. If that determination is not complete, yet it becomes apparent that a portion of undistributed foreign earnings will be repatriated under the repatriation provision, the enterprise should recognize income tax expense attributable to those remittances.
- An enterprise that has not yet completed its evaluation of the repatriation provision should make certain disclosures. Additional disclosures are required in the period an enterprise completes its evaluation.

The proposed FSP would be effective upon issuance.

The [proposed FSP](#) is available on the FASB's Web site. The comment period ends on December 1, 2004.

Recent FASB Meetings

The summary below highlights certain tentative decisions reached, or topics discussed at recent FASB meetings. Final conclusions were not reached and further consideration is expected. Additional information is available in the FASB's weekly *Action Alert* newsletter, which is available on the FASB's Web site.

Dates in parentheses indicate FASB meetings at which respective issues were discussed.

Beneficial Interests (October 27)

- *Fair Value Election* — The Board tentatively concluded that the fair value election should be applied to any hybrid instrument with embedded derivative features that would otherwise be required to be separated from the host contract and accounted for separately under FASB Statement No. 133, *Accounting for Derivative Instruments and Hedging Activities*.

Equity-Based Compensation (October 19)

- *Measurement of Equity Awards Issued by Nonpublic Entities* — The Board tentatively decided that nonpublic entities should measure equity awards using the modified grant-date method. The method should be used unless it is not practicable for the entity to make a reasonable estimate of the expected volatility of its own stock price, or it is not able to estimate reasonably fair value because of unusual features of an equity award.
- *Measurement of Liability Awards Issued by Nonpublic Entities* — The Board tentatively decided that nonpublic entities should account for liability awards based on a policy decision whether to measure liabilities incurred under share-based payment arrangements with employees at (1) fair value or (2) intrinsic value. Under both methods, the liability would be remeasured at the end of each reporting period until settlement.
- *Effective Date and Transition*
 - *Nonpublic Entities* — The Board tentatively concluded that these entities would be required to apply the final Statement for fiscal years beginning after December 15, 2005. In addition, entities that had adopted the fair-value based method for either recognition or pro forma disclosures would apply the same transition provisions as public entities. All other nonpublic entities would apply the statement prospectively.
 - *Small Business Issuers Under the Securities Exchange Act of 1934* — The Board tentatively concluded that these entities would be required to apply the final Standard for periods beginning after December 15, 2005. They should use the same transition provisions that apply to other public entities.

Fair Value Measurement (November 10)

- *Final Statement* — The Board discussed and tentatively decided to proceed with its plans to issue a final Statement to provide guidance for applying the fair value measurement requirements of existing pronouncements. The Board plans to discuss issues of relevance and reliability in its conceptual framework project.
- *Interaction With Concepts Statement No. 7* — The Board discussed the interaction of a final Statement and FASB Concepts Statement 7, *Using Cash Flow Information and Present Value in Accounting Measurements*. The Board decided to revise Appendix A of the Statement to clarify that the estimate should include an adjustment for risk if the amount is significant, identifiable, and measurable.

- *Application to Liabilities* — The Board discussed the definition of fair value and its application to liabilities. They tentatively decided to revise the definition to refer (1) to liabilities as being settled, and (2) to a liability as being settled when the reporting entity is no longer obligated to perform.
- *Valuing Liabilities* — The Board affirmed the concept included in footnote 4 of the Exposure Draft that for liabilities, estimates of fair value should consider the effect of an entity's credit standing, but it did not reach a decision on whether to include that concept in the final Statement.
- *"Current" Transaction* — The Board clarified that the "current" transaction in the definition of fair value refers to an orderly transaction, not a forced or liquidation transaction.
- *Reference Market* — The Board tentatively decided to include, in the final Statement, a reference market notion that would apply broadly to all estimates of fair value.

Financial Instruments: Liabilities and Equity (November 3)

- The Board discussed the proposed Ownership/Settlement Approach for distinguishing liabilities and assets from equity for single component instruments.
 - *Distinguishing Assets From Equity* — During its discussion of the approach for distinguishing assets from equity, the Board tentatively decided that the Ownership/Settlement Approach should be applied consistently to single component instruments embodying rights and to those embodying obligations. That is, instruments embodying rights to receive assets, services, shares, or other instruments would be classified as an asset or as equity depending on whether the instrument establishes an ownership relationship and, if the ownership relationship is indirect, the form of settlement.
 - *Indirect Ownership* — The Board discussed single component instruments that establish an indirect ownership relationship and can be settled by delivering assets, services, or shares (that is, instruments containing settlement alternatives). The Board tentatively decided that if the choice of settlement is outside the control of the issuer, then the issuer should assume delivery of assets or services, and classify an instrument embodying an obligation as a liability. If the issuer controls the choice of settlement, then the issuer can assume share settlement (and classify the instrument as equity), if that settlement choice is substantive.

FSP FIN 46(R)-b, "Implicit Variable Interests Resulting From Related Party Relationships Under FASB Interpretation No. 46 (Revised December 2003), Consolidation of Variable Interest Entities" (November 3)

- The Board decided to issue proposed FSP FIN 46(R)-b for a 45-day comment period. Proposed FSP FIN 46(R)-b will clarify that a reporting enterprise should consider whether it holds an implicit variable interest in a variable interest entity resulting from a related party relationship under Interpretation 46(R).

FSPs FAS 109-a, "Application of FASB Statement No. 109, Accounting for Income Taxes, for the Tax Deduction Provided to U.S. Based Manufacturers by the American Jobs Creation Act of 2004," and FAS 109-b, "Accounting and Disclosure Guidance for the Foreign Earnings Repatriation Provision Within the American Jobs Creation Act of 2004" (November 10)

- *Scope* — The Board decided to issue proposed FSPs FAS 109-a and FAS 109-b relating to Statement 109 and the American Jobs Creation Act of 2004. (See above)

FSP FAS 140-b, "Application of EITF Issue No. 85-24, "Distribution Fees by Distributors of Mutual Funds That Do Not Have a Front-End Sales Charge, When Future Distribution Fees Are Sold to Unrelated Parties"" (October 27)

- The Board discussed FSP FAS 140-b and made the following tentative conclusions:
 - *Scope* — The scope should be expanded to address situations in which the application of Issue 85-24 could result in revenue recognition upon sale of the right to future 12b-1 fees.
 - *Continuing Involvement* — Continuing involvement should be evaluated as it relates to the control group to which the distributor belongs and as it relates to retention of risks and rewards in the 12b-1 fees.
 - *Recourse Obligations* — Recourse obligations should be recognized consistent with existing guidance.

The Board directed the staff to redraft proposed FSP FAS 140-b and to present it to the Board for consideration by the end of November.

Qualifying Special-Purpose Entities and Isolation of Transferred Assets (October 27)

- *Isolation* — The Board discussed but made no decision on whether to strengthen the implementation guidance on isolation. Specifically, whether to require certain conditions that an attorney would be expected to require to render a true sale at law opinion, instead of including those conditions as examples. In particular, discussions were held on the condition that the transferred financial asset is adequately segregated from the transferor and placed, at a minimum, in a custodial arrangement. The Board also discussed, but made no decision on, whether to include in FASB Statement No. 140, *Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities*, as an effective control issue or simply as a stand alone exception, the decision to require that any benefit that a transferor receives from setoff, related to transferred assets, must be shared with other interest holders.

Revenue Recognition (October 19)

- In a joint discussion with the IASB, the Board discussed, but did not conclude on, how guidance in the fair value exposure draft could be applied in the context of measuring performance obligations in contracts with customers.

Short-Term Convergence: Inventory Costs and Exchanges of Nonmonetary Assets (November 3)

- The Board discussed issues related to the final Statements on inventory costs and exchanges of nonmonetary assets and made the following tentative conclusions:
 - o *Inventory Costs* — The final Statement on inventory costs will be effective for costs incurred in fiscal years beginning after June 15, 2005. Earlier application will be permitted for inventory costs incurred in fiscal years beginning after the date the final Statement is issued.
 - o *Nonmonetary Assets* — The final Statement on exchanges of nonmonetary assets will be effective for nonmonetary asset-exchange transactions occurring in fiscal periods beginning after June 15, 2005. Earlier application for nonmonetary asset-exchange transactions occurring in fiscal periods beginning after the date the final Statement is issued will be permitted.

Short-Term Convergence: Income Taxes (October 19)

- *Unremitted Foreign Earnings* — The Board discussed, jointly with the IASB, the complexities surrounding the calculation of a deferred tax liability for permanently, reinvested, unremitted earnings of foreign subsidiaries and joint ventures. The FASB and the IASB tentatively decided to retain exceptions in IAS 12, *Income Taxes*, and FASB

Statement No. 109, *Accounting for Income Taxes*, for the recognition of deferred tax liabilities for certain investments in foreign subsidiaries.

- *IAS 12 Amendment* — In order to achieve convergence, the IASB decided to amend the language in IAS 12 so that it is similar to the language in Statement 109 and APB Opinion No. 23, *Accounting for Income Taxes — Special Areas*, with respect to unremitted foreign earnings.

FASB Project Summaries and Meeting Minutes

Project summaries maintained by the FASB staff, [handouts](#) distributed at each meeting, [FASB meeting minutes](#), and [summaries](#) of FASB meetings and recent actions are available on the FASB's Web site.

Further information about the FASB can be found on the FASB's Web site, www.fasb.org.

Conclusions of the FASB are subject to change at future Board meetings and generally do not affect current accounting requirements until an official position (Statement or Interpretation) is issued. Official positions of the FASB are determined only after extensive deliberation and due process, including a formal vote by written ballot to issue a Statement or Interpretation. The FASB Staff's guidance (FASB Staff Positions) is proposed after the Board's review and, after being exposed for public comment, becomes final if a majority of the Board does not object to its issuance.

EITF Developments

Recent EITF Meeting

EITF discussed the following topics at the November 17-18, 2004 EITF meeting:

EITF Issues on Which Consensuses (or Partial Consensuses) Were Reached

- Issue No. 03-13, "Applying the Conditions in Paragraph 42 of FASB Statement No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets*, in Determining Whether to Report Discontinued Operations"

Other EITF Issues Discussed

- Issue No. 04-5, "Investor's Accounting for an Investment in a Limited Partnership When the Investor Is the Sole General Partner and the Limited Partners Have Certain Rights"
- Issue No. 04-6, "Accounting for Stripping Costs in the Mining Industry"

- Issue No. 04-7, “Determining Whether an Interest Is a Variable Interest in a Potential Variable Interest Entity”
- Issue No. 04-13, “Accounting for Purchases and Sales of Inventory With the Same Counterparty”

Issues Removed From the Agenda

- Issue No. 04-11, “Accounting in a Business Combination for Deferred Postcontract Customer Support Revenue of a Software Vendor”
- Issue No. 04-12, “Determining Whether Equity-Based Compensation Awards Are Participating Securities”

Other Agenda Committee Items

- *Effective Date Change* — Issue No. 04-8, “The Effect of Contingently Convertible Debt on Diluted Earnings Per Share”
- *Effective Date Change* — Issue No. 04-10, “Determining Whether to Aggregate Operating Segments That Do Not Meet the Quantitative Thresholds”
- *Continued Deferral* — Issue No. 03-1, “The Meaning of Other-Than-Temporary Impairment and Its Application to Certain Investments”

The [minutes](#) for the EITF meetings are posted to the FASB’s Web site.

Further information about the EITF can be found on the FASB’s Web site, www.fasb.org/eitf.

AICPA Developments

Recent AcSEC Meeting

At its October 26-27, 2004 meeting, AcSEC discussed the following projects:

Casino Audit and Accounting Guide

AcSEC continued its discussions and reached certain tentative conclusions on the following issues:

- Accounting for the impairment of long lived assets,
- Accounting for jackpot liabilities,
- Accounting for participation agreements.

TPA on Disclosures for Derivative Loan Commitments

AcSEC and the Derivative Loan Commitments Task Force discussed the proposed TPA on disclosures for derivative loan commitments. They tentatively decided to reopen the dialogue with the SEC on providing guidance as to whether the derivative loan commitments are an asset or liability, and

how to calculate the fair value of that asset or liability. The TPA tentatively is scheduled to be released in early 2005.

SOP on Accounting by Insurance Enterprises for Deferred Acquisition Costs on Internal Replacements Other Than Those Specifically Described in FASB Statement No. 97

AcSEC continued its discussion on the proposed SOP. Specifically, they addressed whether the scope should be revised to exclude short duration contracts. This issue arose because of concern as to whether property and casualty companies that followed FASB Statement No. 60, *Accounting and Reporting by Insurance Enterprises*, were aware that they would apply the proposed SOP. AcSEC decided to re-expose the SOP, with the scope as it currently stands (i.e., including short-term contracts), with examples illustrating the application of the proposed SOP to property and casualty contracts, which are usually short duration contracts.

Airline Audit and Accounting Guide

AcSEC continued its discussions and reached certain tentative conclusions on the following issues:

- Accounting for planned major maintenance,
- Accounting for power-by-the-hour contracts,
- Accounting for revenue breakage, and
- Accounting for liability/expense recognition for amendable labor contracts.

[Summaries](#) of AcSEC’s meetings are available on the AICPA’s Web site.

Further information about the AICPA and AcSEC can be found on the AICPA’s Web site, www.aicpa.org.

Conclusions of the AcSEC are subject to change at future meetings and generally do not affect current accounting requirements until an official position (Statement of Position or Guide) is issued and cleared by the FASB. Official positions of the AcSEC are determined only after extensive deliberation and due process.

SEC Developments

SEC Issues Temporary Postponement of the Final Phase-In Period for Acceleration of Periodic Report Filing Dates

On November 17, 2004, the SEC adopted amendments to postpone, for one year, the final phase-in period for acceleration of the due dates of quarterly and annual reports required to be filed by accelerated filers. Under the amended rules, the deadline for an accelerated filer to file its annual

report for its fiscal year ending on or after December 15, 2004 will remain at 75 days after fiscal year-end. Quarterly report deadlines for the subsequent year will remain at 40 days after quarter-end. The phase-in schedule will resume after the one-year delay, such that an accelerated filer will have to file its annual report within 60 days after its year ending on or after December 15, 2005. Subsequent quarterly reports will be required to be filed within 35 days of quarter-end.

The SEC also adopted conforming amendments to Regulation S-X to apply the postponed phase-in period to the financial information updating requirements in other Commission filings. The rule is effective as of December 23, 2004.

The [rule](#) is available on the SEC's Web site.

SEC Approves PCAOB's Proposed Conforming Amendments to PCAOB Interim Standards Resulting From the Adoption of PCAOB Auditing Standard No. 2, "An Audit of Internal Control Over Financial Reporting Performed in Conjunction With An Audit of Financial Statements"

On November 17, 2004, the SEC approved PCAOB's amendments to PCAOB's Interim Standards, which resulted from the adoption of Auditing Standard No. 2. The amendments change and add to the interim standards certain text, including references, to assist auditors in performing integrated audits of financial statements and internal control. The amendment would also apply to certain concepts developed in Auditing Standard No. 2 to assist an auditor engaged solely to audit the financial statements.

The amendments have multiple effective dates; those that affect integrated audits for accelerated filers will be effective for fiscal years ending on or after November 15, 2004 (i.e., at the same time as Auditing Standard No. 2). The amendments that affect audits of financial statements only and integrated audits of non-accelerated filers, will be effective for fiscal years ending on or after July 15, 2005.

The [order](#) is available on the SEC's Web site.

Further information about the SEC can be found on the SEC's Web site, www.sec.gov.

International Developments

IFRIC Issues Amendment to the Scope of SIC-12, Consolidation — Special Purpose Entities

On November 11, 2004, the IFRIC issued an amendment to SIC-12 that removes the scope exclusion for equity compensation plans. Therefore, an entity that controls an employee benefit trust (or similar entity) set up for the purposes of a share-based payment arrangement will be required to consolidate that trust. The amendment also amends the scope exclusion for post-employment benefit plans to include other long-term employee benefit plans. This will ensure consistency with the requirements of IAS 19, *Employee Benefits*, which require long-term employee benefit plans to be accounted for in a manner similar to accounting for post-employment benefit plans.

A related [press release](#) is available on the IASB's Web Site.

Further information about IASB and IFRIC can be found on the IASB's Web site, www.iasb.org, and on the IAS Plus Web site, www.iasplus.com/index.htm.

Conclusions of the IASB are subject to change at future Board meetings and generally do not affect current accounting requirements for entities that apply IASB standards until an official position (IFRS or Interpretation) is issued. Official positions of the IASB are determined only after extensive deliberation and due process, including a formal vote by written ballot to issue an IFRS or Interpretation.

Appendix A: Significant Upcoming Dates

The chart below illustrates significant upcoming dates for the FASB, EITF, GASB, AICPA/AcSEC, SEC, PCAOB, and IASB/IFRIC.

FASB	Status
Upcoming Adoption Dates	
Interpretation 46(R), <i>Consolidation of Variable Interest Entities</i>	<p><u>Public companies that are not small business issuers:</u></p> <ul style="list-style-type: none"> – Provisions of Interpretation 46(R) currently are effective. <p><u>Small Business Issuers:</u></p> <ul style="list-style-type: none"> – For interests in SPEs, Interpretation 46 or Interpretation 46(R) must be applied no later than for financial statements ending after December 15, 2003. – For interests in all entities, Interpretation 46(R) must be applied no later than for financial statements ending after December 15, 2004. <p><u>Nonpublic Entities:</u></p> <ul style="list-style-type: none"> – Interpretation 46(R) must be applied by the beginning of the first annual period beginning after December 15, 2004. <p>For guidance related to foreign private issuers, refer to the SEC’s Letter to AICPA Regarding Interpretation 46(R) Effective Date Provisions With Regard to Foreign Private Issuers on the SEC’s Web site.</p>
Statement 133 Implementation Issue No. E22, <i>Accounting for the Discontinuance of Hedging Relationships Arising From Changes in Consolidation Practices Related to Applying FASB Interpretation No. 46 or 46(R)</i>	Effective as of the date of initial application of Interpretation 46 and/or Interpretation 46(R).
FSP FIN 46(R)-1, “Reporting Variable Interests in Specified Assets of Variable Interest Entities as Separate Variable Interest Entities Under Paragraph 13 of FASB Interpretation No. 46(R), <i>Consolidation of Variable Interest Entities</i> ”	The guidance should be applied in accordance with the effective dates of Interpretation 46(R).
FSP FIN 46(R)-2, “Calculation of Expected Losses Under FASB Interpretation No. 46(R), <i>Consolidation of Variable Interest Entities</i> ”	The guidance should be applied in accordance with the effective dates of Interpretation 46(R).
FSP FIN 46(R)-3, “Evaluating Whether as a Group the Holders of the Equity Investment at Risk Lack the Direct or Indirect Ability to Make Decisions About an Entity’s Activities Through Voting Rights or Similar Rights Under FASB Interpretation No. 46(R), <i>Consolidation of Variable Interest Entities</i> ”	The guidance should be applied in accordance with the effective dates of Interpretation 46(R).
FSP FIN 46(R)-4, “Technical Correction of FASB Interpretation No. 46(R), <i>Consolidation of Variable Interest Entities</i> , Relating to Its Effects on Question No. 12 of EITF Issue No. 96-21, “Implementation Issues in Accounting for Leasing Transactions Involving Special-Purpose Entities””	The guidance should be applied in accordance with the effective dates of Interpretation 46(R).
FSP FAS 97-1, “Situations in Which Paragraphs 17(b) and 20 of FASB Statement No. 97, <i>Accounting and Reporting by Insurance Enterprises for Certain Long-Duration Contracts and for Realized Gains and Losses From the Sale of Investments</i> , Permit or Require Accrual of an Unearned Revenue Liability”	Effective for financial statements for fiscal periods beginning after June 18, 2004.

FSP FAS 106-2, "Accounting and Disclosure Requirements Related to the Medicare Prescription Drug, Improvement and Modernization Act of 2003"	Effective for the first interim or annual period beginning after June 15, 2004, except for certain nonpublic entities for which the effective date is for fiscal years beginning after December 15, 2004.
FSPs FAS 141-1 and FAS 142-1, "Interaction of FASB Statements No. 141, <i>Business Combinations</i> , and No. 142, <i>Goodwill and Other Intangible Assets</i> , and EITF Issue No. 04-2, "Whether Mineral Rights Are Tangible or Intangible Assets""	Effective for the first reporting period beginning after April 29, 2004.
FSP FAS 142-2, "Application of FASB Statement No. 142, <i>Goodwill and Other Intangible Assets</i> , to Oil- and Gas-Producing Entities"	Effective for reporting periods beginning after September 2, 2004.
FSP FAS 150-3, "Effective Date, Disclosures, and Transition for Mandatorily Redeemable Financial Instruments of Certain Nonpublic Entities and Certain Mandatorily Redeemable Noncontrolling Interest Under FASB Statement No. 150, <i>Accounting for Certain Financial Instruments With Characteristics of Both Liabilities and Equity</i> "	Certain mandatorily redeemable shares are subject to the provisions of Statement 150 for the first fiscal period beginning after December 15, 2004. Other mandatorily redeemable shares are deferred indefinitely, but may be subject to classification or disclosure provisions of the Statement.
FSP EITF Issue 03-1-1, "Effective Date of Paragraphs 10-20 of EITF Issue No. 03-1, "The Meaning of Other-Than-Temporary Impairments and Its Application of Certain Investments""	Effective as of September 30, 2004.
Projects in Exposure Draft Stage	
Proposed FSP FAS 109-a, "Application of FASB Statement No. 109, <i>Accounting for Income Taxes</i> , for the Deduction Provided to U.S. Based Manufacturers by the American Jobs Creation Act of 2004"	Comments due December 1, 2004.
Proposed FSP FAS 109-b, "Accounting and Disclosure Guidance for the Foreign Earnings Repatriation Provision Within the American Jobs Creation Act of 2004"	Comments due December 1, 2004.
EITF	Status
Upcoming Adoption Dates	
Issue 04-10, "Determining Whether to Aggregate Operating Segments That Do Not Meet the Quantitative Thresholds"	Effective at the same time as an expected FSP on similar economic characteristics (expected in first quarter 2005).
Issue 04-8, "The Effect of Contingently Convertible Instruments on Diluted Earnings per Share"	Effective for fiscal periods ending after December 15, 2004.
Issue 04-3, "Mining Assets: Impairment and Business Combinations"	Effective prospectively to business combination allocations and asset impairment tests completed after March 31, 2004.
Issue 04-2, "Whether Mineral Rights are Tangible or Intangible Assets"	Effective for fiscal periods beginning after April 29, 2004.
Issue 04-1, "Accounting for Preexisting Relationships Between the Parties to a Business Combination"	Effective for business combinations completed and goodwill impairment tests performed in reporting periods beginning after October 13, 2004.
Issue 03-16, "Accounting for Investments in Limited Liability Companies"	Effective for fiscal periods beginning after June 15, 2004.

Issue 03-13, "Applying the Conditions in Paragraph 42 of FASB Statement No. 144, <i>Accounting for the Impairment or Disposal of Long-Lived Assets</i> , in Determining Whether to Report Discontinued Operations	Effective for components of an enterprise that are either disposed of or classified as held for sale in periods beginning after December 15, 2004 (if ratified by the Board at its November 30, 2004 meeting).
Issue 03-6, "Participating Securities and the Two-Class Method Under FASB Statement No. 128, <i>Earnings per Share</i> "	Effective for fiscal periods beginning after March 31, 2004.
Issue 03-1, "The Meaning of Other-Than-Temporary Impairment and Its Application to Certain Investments"	Paragraphs 6-9 effective for reporting periods beginning after June 15, 2004. The recognition and measurement guidance in paragraphs 10-20 of Issue 03-1 has been delayed. This delay will be superseded with the final issuance of FSP EITF Issue 03-1-a, which will provide implementation guidance for these paragraphs. The disclosure requirements in paragraphs 21-22 of Issue 03-1 remain effective.
Issue 02-14, "Whether an Investor Should Apply the Equity Method of Accounting to Investments Other Than Common Stock"	Effective for the first reporting period beginning after September 15, 2004.
GASB	Status
Upcoming Adoption Dates	
GASB Statement No. 45, <i>Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions</i>	Effective in three phases based on a government's total annual revenues.
GASB Statement No. 44, <i>Economic Condition Reporting: The Statistical Section</i>	Effective for statistical sections prepared for periods beginning after June 15, 2005.
GASB Statement No. 43, <i>Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans</i>	Effective one year prior to the effective date of GASB Statement 45 for the employer in a single-employer plan or the largest participating employer in a multi-employer plan.
GASB Statement No. 42, <i>Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries</i>	Effective for fiscal periods beginning after December 15, 2004.
GASB Statement No. 40, <i>Deposit and Investment Risk Disclosures — an Amendment of GASB Statement No. 3</i>	Effective for fiscal periods beginning after June 15, 2004.
AICPA/AcSEC	Status
Upcoming Adoption Dates	
SOP 03-3, <i>Accounting for Certain Loans or Debt Securities Acquired in a Transfer</i>	Effective for loans acquired in fiscal years beginning after December 15, 2004, with early adoption encouraged.
SEC	Status
Upcoming Adoption Dates	
Final Rule, <i>Management's Report on Internal Control Over Financial Reporting and Certification of Disclosure in Exchange Act Periodic Reports</i> (an extension of compliance date)	Effective for fiscal years ending on or after November 15, 2004, for "accelerated filers." Effective for fiscal years ending on or after July 15, 2005, for "nonaccelerated filers." Effective for fiscal years ending on or after July 15, 2005, for foreign private issuers that file annual reports on Forms 20-F or 40-F.
SAB 106 Regarding the Application of FASB Statement No. 143, <i>Accounting for Asset Retirement Obligations</i> , by Oil- and Gas-Producing Companies Following the Full Cost Accounting Method	Effective prospectively as of the beginning of the first fiscal quarter beginning after October 4, 2004.

Use of the Residual Method to Value Acquired Assets Other Than Goodwill (an SEC announcement at the September EITF meeting)	Effective for business combinations completed after September 29, 2004. Companies that have applied the residual method to the valuation of intangible assets for purposes of impairment testing will be required to perform an impairment test no later than the beginning of their first fiscal year beginning after December 15, 2004, using a direct method.
Temporary Postponement of the Final Phase-In Period for Acceleration of Periodic Report Filing Dates	Effective as of December 23, 2004.
Proposed Rules	
Securities Offering Reform	Comments due January 31, 2005.
PCAOB	Status
Upcoming Adoption Dates	
Auditing Standard No. 3, <i>Audit Documentation</i>	Effective for audits of financial statements with fiscal years ending on or after November 15, 2004.
Auditing Standard No. 2, <i>An Audit of Internal Control Over Financial Reporting Performed in Conjunction With an Audit of Financial Statements</i>	Effective for audits of companies with fiscal years ending on or after November 15, 2004, for accelerated filers, or July 15, 2005, for other companies.
<i>Conforming Amendments to PCAOB Interim Standards Resulting From the Adoption of PCAOB Auditing Standard No. 2, "An Audit of Internal Control Over Financial Reporting Performed in Conjunction With an Audit of Financial Statements"</i>	Effective for integrated audits of financial statements at the same time as Auditing Standard No. 2, November 15, 2004. Effective for audits of only financial statements for periods ending on or after July 15, 2005.
IASB/IFRIC	Status
Upcoming Adoption Dates	
IFRS 5, <i>Non-current Assets Held-for-Sale and Discontinued Operations</i>	Effective for annual periods beginning on or after January 1, 2005.
IFRS 4, <i>Insurance Contracts</i>	Effective for annual periods beginning on or after January 1, 2005.
IFRS 3, <i>Business Combinations</i>	Effective for business combinations for which the agreement date is on or after March 31, 2004.
IFRS 2, <i>Share-based Payment</i>	Effective for annual periods beginning on or after January 1, 2005.
Amendment to IAS 39, <i>Financial Instruments: Recognition and Measurement</i>	Effective for annual periods beginning on or after January 1, 2005.
Amendment to IAS 32, <i>Financial Instruments: Disclosure and Presentation</i>	Effective for annual periods beginning on or after January 1, 2005.
Improvements to International Accounting Standards	Effective for annual periods beginning on or after January 1, 2005.
IFRIC Interpretation 1, <i>Changes in Existing Decommissioning, Restoration and Similar Liabilities</i>	Effective for annual periods beginning on or after September 1, 2004.

Appendix B: Abbreviations

AcSEC	Accounting Standards Executive Committee	IASB	International Accounting Standards Board
AICPA	American Institute of Certified Public Accountants	IFAC	International Federation of Accountants
APB	Accounting Principles Board	IFRIC	International Financial Reporting Interpretations Committee
ARB	Accounting Research Bulletin	IFRS	International Financial Reporting Standards
EITF	Emerging Issues Task Force	MD&A	Management's Discussion & Analysis
FAS	Financial Accounting Standard	NCGA	National Council on Governmental Accounting
FASB	Financial Accounting Standards Board	PCAOB	Public Company Accounting Oversight Board
FIN	FASB Interpretation	SAB	Staff Accounting Bulletin
FSP	FASB Staff Position	SEC	Securities and Exchange Commission
GAAP	Generally Accepted Accounting Principles	SOP	Statement of Position
GASB	Governmental Accounting Standards Board	TPA	Technical Practice Aid
IAS	International Accounting Standards		

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