



Accounting Roundup — Special Edition

The Tides Continue to Change

Updated November 2011



A Compendium of the FASB's Joint and Individual Projects

by Deloitte & Touche LLP's Accounting Standards and Communications Group

Introduction

The FASB and IASB have been working together for over a decade, guided by their September 2002 Memorandum of Understanding (also known as the “Norwalk Agreement”). In 2010, the two boards decided to prioritize the joint projects, planning to finalize those considered most urgent in 2011 and putting other, lower-priority convergence projects on the back burner (e.g., financial statement presentation, emissions trading schemes, financial instruments with characteristics of equity). Thus far, the FASB and IASB have issued final U.S. GAAP and IFRS standards on fair value measurement, ASU 2011-04¹ and IFRS 13,² respectively. However, their other priority projects (i.e., revenue recognition, financial instruments, leases, and insurance contracts) are not expected be finalized until 2012 at the earliest.³

Editor's Note: In an interview with *Accounting Today*, FASB Chairman Leslie Seidman noted that the FASB and IASB have decided to slow their progress on the priority projects to address issues raised by various constituents. The boards believe that their decision will ultimately result in the issuance of higher-quality standards. Ms. Seidman stated, “We have been working with a very determined pace for a sustained period of time, and the changes that we have made to the [convergence] timetable have been directly in response to the nature and the extent of the feedback that we have received on all of those proposals. This is a real process with real outreach and real consideration of the issues that have been raised. And the fact of the matter is that it takes time to work through these issues.”⁴

This update to *Accounting Roundup — Special Edition* contains status summaries of some of the key FASB/IASB joint and FASB-only projects. It reflects (1) the FASB's and IASB's revisions to their agenda and timeline and (2) developments that have occurred in the joint and FASB-only projects since the last issuance of this publication in [May 2011](#). In addition, this publication includes (1) references to other Deloitte publications such as *Heads Up* newsletters and *Industry Spotlights* that provide more specifics about these projects and (2) an appendix with a table summarizing significant adoption dates and transition guidance for final ASUs.

Not interested in reading the *thousands* (yes, we said thousands) of pages of new accounting guidance when the final standards are issued? Well, we will issue a *Heads Up* newsletter on each of these projects as they are exposed for public comment and again as they become final standards. Not a subscriber to our *Heads Up* newsletters? Follow this [link](#) to sign up.

¹ FASB Accounting Standards Update No. 2011-04, *Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs*.

² IFRS 13, *Fair Value Measurement*.

³ From the September 20, 2011, *Accounting Today* article, “FASB's Convergence Timeline Moves to Next Year.”

⁴ See footnote 3.

Updated Timeline for FASB's Major Projects

	Expected Date ⁵			Page Number
	2011		2012	
	2Q-3Q	4Q	1H	
Joint FASB/IASB Projects⁶				1
Financial Instruments				1
Classification and Measurement of Financial Assets and Financial Liabilities			E	1
Impairment of Financial Assets			E	1
Hedge Accounting				1
Offsetting Financial Assets and Financial Liabilities		F		2
Disclosures About Liquidity and Interest Rate Risk Related to Financial Instruments				2
Revenue Recognition		E		2
Leases			E	3
Insurance Contracts			E	4
Consolidation				5
VIEs and Voting Interest Entities		E	C	6
Investment Companies		E	C	6
Presentation of Financial Statements				7
Financial Statement Presentation ⁷				7
Discontinued Operations ⁸				8
Other Comprehensive Income	F	E, F ⁹		8
FASB-Only Projects				9
Disclosures About an Employer's Participation in a Multiemployer Plan	F			9
Goodwill Impairment Assessments	F			10
Investment Properties		E	C	10
Codification Technical Corrections (Including Certain Amendments to Various Codification Topics to Conform Terminology to ASC 820)		E, C	F	11
Impairment of Long-Lived Intangible Assets		E		11
Risks and Uncertainties (Formerly Going Concern)			E	11
Disclosure Framework			D	12
Disclosures About Certain Loss Contingencies				13
Key Takeaways				14

C Comment Deadline **D** Discussion Paper **E** Exposure Draft **F** Final Document

⁵ The expected dates of the joint FASB/IASB projects in this timeline may vary slightly from those in the technical plan on the FASB's Web site.

⁶ The joint FASB/IASB and FASB-only projects in this list may vary slightly from those listed on the FASB's Web site.

⁷ This project was reassessed as a lower priority. The Board has not provided additional information regarding when further activity will commence.

⁸ See footnote 7.

⁹ Details of the FASB-only proposal to defer certain provisions of ASU 2011-05 are included in [Presentation of Financial Statements](#), [Other Comprehensive Income](#) within the Joint FASB/IASB Projects section.

Joint FASB/IASB Projects

Financial Instruments

Affects: All entities.

Summary: The FASB's financial instruments project addresses the accounting for a broad range of financial instruments, including derivatives, investments in debt and equity securities, loans, loan commitments, trade receivables and payables, deposit liabilities, and debt. In May 2010, the FASB released an [exposure draft](#) (ED)¹⁰ that would change (1) the classification and measurement of financial assets and financial liabilities, (2) the accounting for impairment of financial assets, and (3) hedge accounting. Since the close of the ED's comment period, the FASB has redeliberated and revised many aspects of its original proposals. In addition, the Board has added two other components to its reconsideration of the accounting for financial instruments: (1) balance sheet offsetting of financial assets and financial liabilities and (2) disclosures about liquidity and interest rate risk related to financial instruments.

Classification and Measurement of Financial Assets and Financial Liabilities

Summary: The FASB has tentatively decided that financial assets and financial liabilities should be classified as fair value through net income (FV-NI), fair value through other comprehensive income (FV-OCI), or amortized cost on the basis of an evaluation of the characteristics of the financial instrument and the related business strategy. Entities would be prohibited from reclassifying financial instruments from one category to another as a result of a change in business strategy after initial recognition. Investments in equity instruments (both marketable and nonmarketable) would be classified as FV-NI; however, a practicability exception would be allowed for nonmarketable equity securities held by nonpublic entities.

Next Steps: The FASB's redeliberations of the classification and measurement of financial instruments are nearly complete. However, the Board still needs to redeliberate certain aspects of its approach (e.g., scope, effective date, transition approach). The FASB plans to issue an ED on this topic sometime in 2012. ●

Impairment of Financial Assets

Summary: The FASB and IASB have tentatively agreed to develop an expected-loss impairment model that reflects the general pattern of the credit-quality deterioration of debt instruments. Under this model, financial assets subject to impairment accounting (such as loans accounted for at amortized cost) would be split into three main buckets. These buckets would be used to determine the amount and timing of credit losses to be recognized and would reflect different phases of credit deterioration.

Next Steps: The boards are continuing to develop the three-bucket approach and are expected to issue an ED on it sometime in 2012. ●

Hedge Accounting

Summary: After proposing limited changes and simplifications to hedge accounting as part of its May 2010 [ED](#), the FASB released a [discussion paper](#) (DP)¹¹ in February 2011 to obtain feedback on the IASB's December 2010 [ED](#)¹² that proposes to align hedge accounting more closely with risk management practices.

Next Steps: The IASB has nearly completed redeliberations of its ED and plans to release a staff draft of a final standard by the end of 2011.

The FASB has not yet formalized a timeline for redeliberating its hedge accounting model. In August 2011, the FASB discussed feedback received on its DP regarding the IASB's general hedge accounting model. U.S. preparers generally expressed support for certain aspects of the IASB's proposals; however, the FASB may perform additional outreach activities throughout the remainder of the year to obtain additional views from other constituent groups. ●

¹⁰ FASB Proposed Accounting Standards Update, *Accounting for Financial Instruments and Revisions to the Accounting for Derivative Instruments and Hedging Activities*.

¹¹ FASB Discussion Paper, *Selected Issues About Hedge Accounting*.

¹² IASB Exposure Draft, *Hedge Accounting*.

Offsetting Financial Assets and Financial Liabilities

Summary: In January 2011, the FASB and IASB issued a joint [ED](#)¹³ on offsetting financial assets and financial liabilities, initially intending to converge their guidance on this topic. The ED's guidance is similar to the existing offsetting criteria in IAS 32¹⁴ and, if implemented, would probably have resulted in significantly less offsetting for entities preparing financial statements in accordance with U.S. GAAP. However, the boards ultimately decided to take different paths forward on the project, voting to retain the current presentation guidance in their respective standards.

Nevertheless, the boards tentatively decided to jointly require new and expanded offsetting disclosures given (1) constituents' desire for convergence and improved comparability and (2) the general agreement that both gross and net information was useful for investors and other financial statement users. The FASB and IASB agreed that the objective for offsetting disclosures should be for an entity to "disclose information about rights of setoff and related arrangements (such as collateral agreements) associated with the entity's eligible assets and eligible liabilities to enable users of its financial statements to understand the effect of those rights and arrangements on the entity's financial position."

Next Steps: The boards are expected to issue their respective final standards on offsetting disclosures before the end of this year. ●

Disclosures About Liquidity and Interest Rate Risk Related to Financial Instruments

Summary: In response to financial statement user outreach, the FASB has tentatively decided to propose a package of new disclosures about liquidity and interest rate risk related to financial instruments. The proposed liquidity risk disclosures would apply to all entities, while the interest rate disclosures would only apply to financial institutions. The proposed disclosures would be required for interim and annual periods, except that nonpublic, nonfinancial entities would be required to provide the liquidity risk disclosures for annual reporting periods only.

Next Steps: While the FASB has not officially disclosed its next steps for this portion of the financial instruments project, we expect the Board to deliberate this and issue an ED for comment before finalizing a proposal. ●

Other Resources on Financial Instruments

The following Deloitte publications contain additional information about the boards' project on accounting for financial instruments:

- May 10, 2011, [Heads Up](#) — Provides an update on FASB's financial instruments project. ●
- February 8, 2011, [Heads Up](#) — Presents an overview of the FASB's and IASB's [supplementary document](#) on impairment.
- February 2, 2011, [Heads Up](#) — Discusses FASB's ED on offsetting.
- December 22, 2010, [Heads Up](#) — Outlines IASB's proposed hedge accounting model.
- November 5, 2010, [Heads Up](#) — Gives an overview of feedback on the FASB's financial instruments ED.
- May 28, 2010, [Heads Up](#) — Summarizes FASB's ED on accounting for financial instruments.

Revenue Recognition

Affects: All entities.

Summary: This project represents a broad reconsideration of the manner in which an entity recognizes and reports information about revenue resulting from contracts with customers. It would supersede most of the current guidance on revenue recognition in U.S. GAAP, doing away with the volumes of industry-specific guidance that many have been using for years. In its place, entities would apply a broad principle when recognizing revenue for contracts under which goods or services are provided to customers. That broad principle would require an entity to (1) identify the contract(s) with a customer, (2) identify the separate performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price to the separate performance obligations, and (5) recognize revenue when the entity satisfies each of the performance obligations.

¹³ FASB Proposed Accounting Standards Update, *Offsetting*.

¹⁴ IAS 32, *Financial Instruments: Presentation*.

Currently, the boards are in the final stages of redeliberating the guidance proposed in their joint June 2010 [ED](#).¹⁵ They have made a number of key decisions, including that the final standard would be effective no earlier than annual periods beginning on or after January 1, 2015, for public entities and January 1, 2016, for nonpublic entities.

Consideration Points: As a result of this project, entities may need to (1) assess their information technology systems, specifically those related to sales, and whether those systems need to be reconfigured; (2) evaluate the existing terms of their contracts and determine how they may affect revenue recognition; (3) educate their sales force on the key aspects of recognizing revenue; and (4) reconsider the timing or the manner in which the sales force is compensated as a result of the changes, if any, in the manner in which revenue is recognized.

In addition, because the application of the principles in the proposed standard would most likely require significant judgment, entities may also need to evaluate their accounting policies to ensure consistent application of the principles throughout the entity.

Lastly, certain entities may experience significant changes in the amount and timing of revenue recognition and may need to evaluate how and when to disclose such changes to external financial statement users.

Next Steps: The boards are planning to issue a revised ED in November 2011 for a 120-day comment period. We expect the final standard to be issued no earlier than the second half of 2012.

Other Resources: The following Deloitte publications contain additional information about the revenue recognition project:

- July 22, 2011, [Heads Up](#) — Summarizes changes made as a result of ED redeliberations.
- December 9, 2010, [Heads Up](#) — Provides an overview of feedback on the ED.
- June 28, 2010, [Heads Up](#) — Summarizes the FASB's June 2010 ED on revenue recognition. ●

Leases

Affects: All entities.

Summary: On August 17, 2010, the FASB and IASB issued an [ED](#)¹⁶ on leases. The lease model proposed by the boards would fundamentally change the accounting for lessees by eliminating operating lease treatment and would result in the recognition of lease arrangements on the balance sheet. Under the proposed model, a lessee would recognize a liability to make lease payments and an asset that represents the right to use the underlying asset.

On the basis of the feedback they have received, the boards have debated numerous measurement issues, including lease term, contingent rents, and income statement recognition pattern. They have also had many discussions about more fundamental issues (e.g., distinguishing a lease from a service arrangement, the lessor accounting model).

The boards have made significant changes to the ED's proposed model that will generally simplify the accounting for lessees. They have also decided on a single lessor accounting model — the receivable and residual approach — that is similar to the proposed derecognition model in the ED. Recently, however, the boards tentatively decided that a lessor's lease of investment property would not be subject to the receivable and residual approach and therefore would be outside the scope of the proposed model. This scope exception would apply regardless of whether the lessor is within the scope of the FASB's [ED](#)¹⁷ on investment property entities.

Consideration Points: The proposed accounting changes could have significant consequences, including a direct effect on financial ratios and metrics (e.g., the return on assets), which may affect existing debt covenants. Entities with significant lease portfolios may need to perform considerable system upgrades. In addition, management may need to reconsider buy-versus-lease decisions and the provisions in their standard lease arrangements. The bottom line is that both lessee and lessor entities will need to have a handle on their lease portfolios before these changes take effect.

Next Steps: The FASB and IASB are close to wrapping up their deliberations and expect to issue a revised ED in the first quarter of 2012 and a final standard by the end of that year.

Other Resources: Deloitte's August 17, 2011, [Heads Up](#) — Summarizes the boards' tentative decisions on the lease project. ●

¹⁵ FASB Proposed Accounting Standards Update, *Revenue From Contracts With Customers*.

¹⁶ FASB Proposed Accounting Standards Update, *Leases*.

¹⁷ FASB Proposed Accounting Standards Update, *Real Estate — Investment Property Entities*.

Insurance Contracts

Affects: Entities that issue insurance contracts.

Summary: In September 2010, the FASB published a DP¹⁸ containing its preliminary views on the IASB's July 2010 ED¹⁹ on insurance contracts. The objective of both the DP and the ED, and ultimately the insurance contracts project as a whole, is to create a consistent, transparent approach to measuring insurance contracts. Under the project's proposed liability measurement model, which is based on a fulfillment objective, an entity uses a "building blocks" approach to portray its current assessment of the amount and timing of future cash flows, as illustrated in the following table:

	FASB	IASB
Projection of future cash flows	Expected cash flows Block 1	Expected cash flows Block 1
Discounting for the time value of money	Discount Block 2	Discount Block 2
Application of margins	Composite margin ^(a)	Residual margin ^(b) Risk adjustment ^(c)

^(a) Removes any profit at inception and released over time.

^(b) Removes any profit at inception, is remeasured at subsequent periods, and is released over time.

^(c) Adjusts for the effects of uncertainty about the amount and timing of cash flows — remeasured subsequently.

The proposed model establishes the accounting for liabilities arising from the perspective of the insurer, not for assets backing the contracts, and is intended to reflect all economic mismatches that exist. However, the boards have received feedback that the current proposals may create accounting mismatches and increase earnings volatility from period to period as a result of differences between the measurement basis of the insurance liabilities and that of the related assets, which could be measured at fair value or amortized cost.

Editor's Note: Entities that have not traditionally viewed themselves as insurers may need to examine the characteristics of contracts they issue to determine whether such contracts meet the definition of insurance and are within the scope of the project. The proposed measurement model differs from those used by U.S. insurers today and would most likely require new methods of estimating each component of the building blocks approach. Entities may need to implement new data systems to obtain relevant information about making such estimates.

Since the issuance of the FASB's DP and the IASB's ED, several key issues have been raised as part of the comment letter processes, extensive outreach by the boards, public roundtable discussions, and thorough redeliberations. While the boards have made progress in reconciling their views on the treatment of acquisition costs to be included in fulfillment cash flows, tentatively deciding that only direct costs should be included and indirect costs should be expensed as incurred, they remain divided on whether costs associated with unsuccessful efforts should be included. The FASB's current position, which is consistent with ASU 2010-26,²⁰ is to limit costs to successful efforts.

In their recent deliberations, the boards have reached tentative decisions on three major components of the project: (1) application of the premium allocation approach to contracts that are typically of shorter duration, (2) the "unlocking" of residual margin, and (3) changes to the accounting for reinsurance assets.

The boards have devoted significant attention to the premium allocation approach (formerly the modified measurement approach) to accounting for certain types of contracts that are typically of short duration and whether it should be considered a separate approach or a proxy for the building blocks approach. In September, the FASB tentatively decided that, during the coverage period, entities should apply the unearned premium method to contracts qualifying for the premium allocation approach (this accounting is similar to that under current U.S. GAAP) and should use a two-building-block liability approach for the postclaim cash flows. In October, the boards discussed the eligibility criteria for the premium allocation approach but were unable to reach a decision. This topic will be revisited at future meetings.

¹⁸ FASB Discussion Paper, *Preliminary Views on Insurance Contracts*.

¹⁹ IASB Exposure Draft, *Insurance Contracts*.

²⁰ FASB Accounting Standards Update No. 2010-26, *Accounting for Costs Associated With Acquiring or Renewing Insurance Contracts*.

Regarding profit recognition, the IASB tentatively decided, by a narrow 8 to 7 vote, that rather than be locked in at inception, the residual margin should be unlocked prospectively for changes in estimates. This decision was made despite concerns that such a recalibration could further impair the transparency of an already complex measurement model.

The boards' tentative decisions on reinsurance earlier this year reversed their original proposals on the treatment of day-one gains: such gains can no longer be recognized. Day-one gains and losses would effectively be deferred under the margin approach, except when there is a loss and the reinsurance is considered retrospective — in such instances, a day-one loss should be recognized immediately.

Editor's Note: While the boards generally concur on critical elements of the project, it is still unclear whether they will ultimately agree on the timing and recognition of margins — that is, whether a risk margin should be implicitly or explicitly incorporated. The ultimate resolution of this issue could significantly change the way profit is recognized in the financial statements and further affect traditional insurance metrics. In addition to fundamentally affecting accounting and financial reporting (including information system requirements), the project will affect the timing and recognition of profits and the resulting product mix offered by insurance companies. Ultimately, these factors may change the business metrics relied on by financial statement users.

Next Steps: The timetable for completion of the insurance project has been updated. In its revised work plan, the IASB indicated that it expects to reexpose or issue a review draft in the first half of 2012; the FASB is likely to issue its ED around the same time. The publication of the final standard has been moved beyond calendar year 2012, and the mandatory effective date of the final standards is likely to be no earlier than January 1, 2015.

Other Resources: See the following Deloitte publications for more information about the boards' insurance project:

- November 2011 [Insurance Spotlight](#) — Details Deloitte's October roundtable and FASB/IASB joint session.
- September 2011 [Insurance Spotlight](#) — Provides current state of FASB/IASB project convergence.
- April 29, 2011, [Heads Up](#) — Discusses ASU 2010-26 implementation issues.
- October 8, 2010, [Heads Up](#) — Analyzes FASB's DP on insurance contracts.
- August 24, 2010, [Heads Up](#) — Summarizes IASB's ED on insurance contracts. ●

Consolidation

Affects: All entities.

Summary: The consolidation project began as a joint project between the FASB and IASB to develop improved, converged consolidation standards that would apply to all entities (i.e., variable interest entities (VIEs) and voting interest entities). However, the boards eventually decided not to converge on all aspects of this topic, mainly because of differences regarding “control with less than a majority of the voting rights” and the consideration of “potential voting rights.”

The FASB ultimately decided on a narrower project to address certain aspects of its consolidation requirements and issued an ED²¹ on this topic on November 3, 2011. Specifically, the FASB's proposed ASU focuses on whether a decision maker is acting as a principal or as an agent. In addition, it proposes other changes to conform the VIE and voting interest entity consolidation models. In May 2011, the IASB issued new and amended guidance on consolidated financial statements, joint arrangements, and disclosures of interests in other entities.²²

²¹ FASB Proposed Accounting Standards Update, *Principal Versus Agent Analysis*.

²² These standards consisted of three new IFRSs and two amended IASs: IFRS 10, *Consolidated Financial Statements*; IFRS 11, *Joint Arrangements*; IFRS 12, *Disclosure of Interests in Other Entities*; IAS 27, *Separate Financial Statements*; and IAS 28, *Investments in Associates and Joint Ventures*.

VIEs and Voting Interest Entities

The FASB's proposed guidance contains a single model for qualitatively assessing whether a decision maker (or general partner) is a principal or an agent. This assessment would focus on three factors, which would be evaluated on the basis of the purpose and design of the entity: (1) rights held by other parties; (2) the decision maker's compensation; and (3) exposure to variability of returns from other interests held by the decision maker. In addition, the proposal would:

- Amend the criteria for determining whether (1) an entity is a VIE and (2) a reporting entity is the VIE's primary beneficiary.
- Revise the definitions of protective rights, participating rights, and kickout rights. In particular, the proposal would align the analysis of these rights under the VIE, voting interest, and partnership models in ASC 810-10.²³
- Amend the guidance on assessing partnerships for consolidation (in particular, whether the general partner consolidates a limited partnership) and move this guidance from ASC 810-20²⁴ to ASC 810-10.
- Eliminate the indefinite deferral in ASU 2010-10²⁵ for interests in certain entities.

Editor's Note: The proposed principal-versus-agent guidance would allow the FASB to eliminate the deferral in ASU 2010-10 for certain investment funds, since these entities would be evaluated under a qualitative approach in determining whether their decision maker (e.g., an investment manager) is acting as a principal or as an agent. The proposed changes would also allow for the consideration of removal rights, even when those rights require the agreement of multiple parties. (Under the current VIE model, removal rights are not considered in the consolidation analysis unless a single entity has the unilateral ability to exercise those rights.) In addition, the qualitative assessment would allow a general partner to consider its economics when determining whether it should consolidate a partnership.

For entities controlled by vote, under the IASB's new model, entities holding less than 50 percent of the outstanding voting shares of another entity may be required to consolidate that investee; the IASB describes this concept as "effective" or "de facto" control. The FASB decided not to include this concept in U.S. GAAP. Further, potential voting rights (such as convertible debt or warrants) would be considered in the consolidation analysis under the IASB's guidance. Thus, these aspects of the guidance on voting interest entities in U.S. GAAP will not be converged with that in IFRSs.

Investment Companies

The FASB and IASB have tentatively concluded that investment companies should recognize and measure their investments (including entities they control) at FV-NI. The boards used the guidance on investment companies in U.S. GAAP²⁶ as the basis for developing the attributes of an investment company. A point of disagreement between the FASB and IASB is whether the parent of an investment company subsidiary would retain, in its consolidated financial statements, the accounting that applies in the subsidiary's stand-alone financial statements. The FASB believes that the parent of an investment company subsidiary should recognize and measure that subsidiary's investments at FV-NI in the consolidated financial statements. However, the IASB would agree with that accounting only if the parent itself qualified as an investment company; otherwise, the IASB would want the parent to reflect the assets and liabilities underlying the subsidiary's investments in the consolidated financial statements.

Consideration Points: U.S. entities should consider any potential impacts of the FASB's proposed principal-versus-agent guidance on (1) structures involving VIEs, including funds managed by investment managers; (2) partnerships and similar entities applying the guidance in ASC 810-20; and (3) rights granted to noncontrolling interest holders. In addition, U.S. entities should monitor any changes that the FASB makes to the definition of an investment company, since such changes could cause a change in the number of companies that qualify for investment company accounting.

Next Steps: The IASB's new consolidation standards resulting from the consolidation project are effective for annual periods beginning on or after January 1, 2013; earlier application is permitted as long as each of the other standards in this group is also early applied.

²³ FASB Accounting Standards Codification Subtopic 810-10, *Consolidation: Overall*.

²⁴ FASB Accounting Standards Codification Subtopic 810-20, *Consolidation: Control of Partnerships and Similar Entities*.

²⁵ FASB Accounting Standards Update No. 2010-10, *Amendments for Certain Investment Funds*.

²⁶ FASB Accounting Standards Codification Topic 946, *Financial Services — Investment Companies*.

Comments on the FASB's proposed principal-versus-agent ASU are due by January 17, 2012. Comments on both the FASB's and the IASB's proposed investment company guidance are due by January 5, 2012.

Other Resources: The following Deloitte publications contain additional information about the boards' consolidations projects:

- November 4, 2011, [Heads Up](#) — Outlines FASB's proposed ASU on determining whether a decision maker is acting as a principal or as an agent.
- October 21, 2011, [Heads Up](#) — Summarizes FASB's proposed ASU on investment companies.
- May 27, 2011, [Heads Up](#) — Discusses the IASB's new consolidation IFRSs. ●

Presentation of Financial Statements

Financial Statement Presentation

Affects: Most entities.²⁷

Consideration Points: In this project, the boards decided to take a "fresh look" at the manner in which entities present financial information in their statement of financial position, statement of comprehensive income, and statement of cash flows. The boards expect the revised financial statement format to be more cohesive and split between business (i.e., operating and investing) and financing activities. This format would largely resemble the current presentation in the statement of cash flows. The intent of requiring a single financial statement presentation is to enhance the usefulness of financial information and increase the comparability and consistency of financial statements within and across entities. Specific changes would include the following:

- *Statement of financial position* — Requiring presentation of assets and liabilities by major activity within operating, investing, and financing categories.
- *Statement of comprehensive income* — Requiring a single statement of comprehensive income grouped by using the same categories as those in the statement of financial position; further disaggregation of line items in the statement would be required.
- *Statement of cash flows* — Requiring separate presentation of the main categories of cash receipts and cash payments for operating activities (i.e., direct method) rather than a reconciliation of net income to net operating cash flows (i.e., indirect method). However, a reconciliation of operating income to net operating cash flows would be required in the notes to the financial statements.
- *Notes to the financial statements* — Requiring disclosure of the rationale used to classify assets and liabilities into categories and sections in the statement of financial position. In addition, an entity would be required to provide a reconciliation of beginning to ending balances of select assets and liabilities that management deems important to understanding the entity's financial position.

Consideration Points: As a result of the revised financial statement presentation, entities may need to reassess their financial reporting processes to evaluate the manner in which they will adhere to these new requirements, particularly the shift to the direct method of presenting cash flows. This assessment could include an evaluation of the information technology systems or other processes used to gather financial statement information, the internal controls over the financial reporting process, and the resources within the financial reporting function for implementing necessary changes. Further, the proposed standard would most likely require entities to disaggregate their financial information and provide disclosures beyond what they currently present in their financial statements. Thus, entities may need to evaluate (1) the effect of having to provide this additional financial information (e.g., the time it takes to identify, gather, and prepare the financial statements) and (2) how financial statement users analyze the information.

Next Steps: The FASB and IASB halted deliberations of their financial statement presentation project, reassessing it as lower-priority. The FASB has not provided additional information regarding when further activity will commence. The delay in the project will give the boards time to perform and finalize additional outreach, address constituents' concerns, and further develop other convergence priorities.

Other Resources: Deloitte's July 8, 2010, [Heads Up](#) — Summarizes FASB proposal on financial statement presentation changes. ●

²⁷ The proposed standard would not apply to the structure and content of general-purpose financial statements prepared by a not-for-profit entity or benefit plan within the scope of FASB Accounting Standards Codification Topics 960, *Plan Accounting — Defined Benefit Pension Plans*; 962, *Plan Accounting — Defined Contribution Pension Plans*; and 965, *Plan Accounting — Health and Welfare Benefit Plans*. Further, certain provisions would not apply to nonpublic entities, certain investment companies, common trust funds, variable annuity accounts, and similar funds that meet specific requirements.

Discontinued Operations

Affects: All entities.

Summary: In September 2008, the FASB published an [ED](#)²⁸ that proposed to amend the criteria for reporting discontinued operations. Since then, the FASB has redeliberated the feedback received from constituents on the ED and has tentatively decided to:

- Align the scope of ASC 205-20²⁹ with that of IFRS 5³⁰ to apply to all recognized noncurrent assets and to all disposal groups of an entity. Thus, a discontinued operation would be either (1) a component of an entity that either has been disposed of or is classified as held for sale and that represents (or is part of a single coordinated plan to dispose of) a separate major line of business or geographical area of operations, or (2) a business that, on acquisition, meets the criteria for classification as held for sale.

Editor's Note: The FASB expects the changes in scope to have a limited impact on entities, except for disposals of certain equity method investments, which, under the proposal, might qualify as discontinued operations.

- Require specific disclosures for (1) disposals of components that meet, and disposals of significant components that do not meet, the revised criteria for classification as a discontinued operation; (2) disposals of long-lived assets that are not components of an entity; and (3) continuing involvement with discontinued operations and continuing cash flows between discontinued operations and the entities that remain after the disposal date.

Next Steps: In reassessing the project, the FASB has determined it to be lower-priority. The Board has not provided additional information regarding when further activity will commence. ●

Other Comprehensive Income

Affects: Entities that provide a full set of financial statements containing a statement of financial position, results of operations, and cash flows. The guidance also applies to investment companies, defined benefit pension plans, and other employee benefit plans that are exempt from the requirement to provide a statement of cash flows. The new guidance **does not** apply to entities that have no items of OCI in any period presented or to not-for-profit entities that are required to apply the guidance in ASC 958-205.³¹

Summary: On July 16, 2011, the FASB issued [ASU 2011-05](#),³² which revises the manner in which entities present comprehensive income in their financial statements. The new guidance removes the presentation options in ASC 220³³ and requires entities to report components of comprehensive income in either (1) a continuous statement of comprehensive income or (2) two separate but consecutive statements. Under the two-statement approach, the first statement would include components of net income, which is consistent with the income statement format used today, and the second statement would include components of OCI. The ASU does not change the items that must be reported in OCI.

ASU 2011-05 also requires, under either the one-statement or two-statement approach, entities to display adjustments for items that are reclassified from AOCI to net income in the statements in which both net income and OCI are presented. In preparing for the adoption of ASU 2011-05, constituents voiced concerns about the operability of this requirement. Therefore, on November 8, 2011, the Board issued a [proposed ASU](#)³⁴ that would indefinitely defer the ASU's provisions related to the presentation of reclassification adjustments so that it can appropriately review and evaluate constituents' concerns. If this proposed ASU is finalized, only the provision related to the presentation of reclassification adjustments in ASU 2011-05 would be deferred. The remaining provisions would still be effective as originally required.

²⁸ Proposed FASB Staff Position No. FAS 144-d, "Amending the Criteria for Reporting a Discontinued Operation."

²⁹ FASB Accounting Standards Codification Subtopic 205-20, *Presentation of Financial Statements: Discontinued Operations*.

³⁰ IFRS 5, *Non-current Assets Held for Sale and Discontinued Operations*.

³¹ FASB Accounting Standards Codification Subtopic 958-205, *Not-for-Profit Entities: Presentation of Financial Statements*.

³² FASB Accounting Standards Update No. 2011-05, *Presentation of Comprehensive Income*.

³³ FASB Accounting Standards Codification Topic 220, *Comprehensive Income*.

³⁴ FASB Proposed Accounting Standards Update, *Deferral of the Effective Date for Amendments to the Presentation of Reclassifications of Items Out of Accumulated Other Comprehensive Income in Accounting Standards Update No. 2011-05*.

Editor's Note: During the indefinite deferral period, entities would still need to comply with the existing requirements in U.S. GAAP for the presentation of reclassification adjustments. Specifically, ASC 220 gives entities the option of (1) presenting reclassification adjustments out of AOCI on the face of the statement in which OCI is presented or (2) disclosing reclassification adjustments in the footnotes to the financial statements.

Next Steps: For public entities, ASU 2011-05 is effective for fiscal years, and interim periods within those years, beginning after December 15, 2011. Nonpublic entities are required to apply the ASU's provisions for annual periods ending after December 15, 2012, and interim and annual periods thereafter. For all entities, guidance must be applied retrospectively for all periods presented in the financial statements. Early adoption is permitted, and the ASU does not require any (1) incremental disclosures in addition to those already required by ASC 250³⁵ or (2) transition disclosures.

Comments on the proposed ASU that would amend ASU 2011-05 are due by November 23, 2011. The proposed ASU would affect all public and nonpublic entities that report items of OCI in any period presented. The FASB is expected to finalize the proposed ASU by the end of this year. If finalized, the proposed deferral would have the same effective date as the remaining provisions of ASU 2011-05 (as noted above). Thus, entities would not have to adopt ASU 2011-05 without also adopting the provision related to the deferral of the reclassification adjustments.

Other Resources: The following Deloitte publications contain additional information about the OCI project:

- Deloitte's November 10, 2011, [Heads Up](#) — Outlines FASB ASU proposal to defer portions of ASU 2011-05.
- Deloitte's June 17, 2011, [Heads Up](#) — Summarizes FASB ASU on presentation of comprehensive income. ●

FASB-Only Projects

Disclosures About an Employer's Participation in a Multiemployer Plan

Affects: Nongovernmental entities that participate in multiemployer benefit plans.

Summary: On September 21, 2011, the FASB issued [ASU 2011-09](#),³⁶ which amends ASC 715-80³⁷ by increasing the quantitative and qualitative disclosures an employer is required to provide about its participation in significant multiemployer plans that offer pension and other postretirement benefits. The ASU's objective is to enhance the transparency of disclosures about (1) the significant multiemployer plans in which an employer participates, (2) the level of the employer's participation in those plans, (3) the financial health of the plans, and (4) the nature of the employer's commitments to the plans.

Consideration Points: The ASU requires employers to disclose a narrative description of the nature of the multiemployer pension plans and information about the employer's participation in the plans. This description should indicate how risks of participating in the plans differ from those for a single-employer plan. For each "individually significant" multiemployer pension plan, the employer must present both qualitative and quantitative information (e.g., the plan's legal name, details about contributions made, and the nature and effect of matters affecting the comparability of contributions) in a tabular disclosure. The ASU does not change the recognition and measurement guidance for an employer's participation in a multiemployer plan; this guidance requires that the employer's required contribution to the plan for the period be recognized as pension or postretirement benefit cost and that any contributions due as of the reporting date be recognized as a liability.

Although the amendments in ASU 2011-09 are similar to those in the recent amendments to IAS 19,³⁸ a number of differences remain, partly because of greater specificity and the many "U.S.-centric" conventions in the ASU's new disclosure requirements (e.g., employer identification number, certified zone status).

³⁵ FASB Accounting Standards Codification Topic 250, *Accounting Changes and Error Corrections*.

³⁶ FASB Accounting Standards Update No. 2011-09, *Disclosures About an Employer's Participation in a Multiemployer Plan*.

³⁷ FASB Accounting Standards Codification Subtopic 715-80, *Compensation — Retirement Benefits: Multiemployer Plans*.

³⁸ IAS 19, *Employee Benefits*.

Next Steps: For public entities, the new disclosure requirements are effective for fiscal years ending after December 15, 2011. However, for nonpublic entities, the effective date has been deferred by one year, to December 15, 2012. Early adoption is permitted. The amendments in the ASU should be applied retrospectively for all periods presented.

Other Resources: Deloitte's September 23, 2011, [Heads Up](#) — Summarizes changes to FASB's guidance on multiemployer benefit plans. ●

Goodwill Impairment Assessments

Affects: All entities.

Summary: On September 15, 2011, the FASB issued [ASU 2011-08](#),³⁹ which amends the guidance in ASC 350-20⁴⁰ on testing goodwill for impairment. Under the revised guidance, entities testing goodwill for impairment have the option of performing a qualitative assessment before calculating the fair value of the reporting unit (i.e., step 1 of the goodwill impairment test). If entities determine, on the basis of qualitative factors, that the fair value of the reporting unit is more likely than not less than the carrying amount, the two-step impairment test would be required. The ASU does not change how goodwill is calculated or assigned to reporting units, nor does it revise the requirement to test goodwill annually for impairment. In addition, the ASU does not amend the requirement to test goodwill for impairment between annual tests if events or circumstances warrant; however, it does revise the examples of events and circumstances that an entity should consider.

Consideration Points: Entities will need to determine whether to perform the qualitative assessment for one or more reporting units. When the qualitative assessment is performed, entities will also need to evaluate the extent of qualitative and quantitative information needed to support the more-likely-than-not assessment.

Next Steps: The amendments are effective for annual and interim goodwill impairment tests performed for fiscal years beginning after December 15, 2011. Early adoption is permitted.

In addition, in response to comments received on the goodwill project, the FASB has added a separate project to its agenda to simplify how an entity tests other indefinite-lived intangible assets for impairment. For more information about this topic, see the [Impairment of Long-Lived Intangible Assets](#) section of this publication.

Other Resources: Deloitte's September 16, 2011, [Heads Up](#) — Discusses amendments to FASB's guidance on goodwill impairment testing. ●

Investment Properties

Affects: Entities with substantive activities related to investing in real estate properties that meet certain other conditions.

Summary: On October 21, 2011, the FASB issued a [proposed ASU](#)⁴¹ that would require investment property entities (IPEs), a newly defined type of entity under U.S. GAAP, to measure their investment properties at fair value through earnings in each reporting period.

The FASB cites two reasons for issuing the proposed ASU. First, the proposed ASU addresses diversity in practice in how real estate entities account for their investments — some record changes in fair value through earnings, while others apply a historical (depreciated) cost model. Second, the proposed ASU would more closely align the accounting for investment properties under U.S. GAAP with that under IFRSs; thus, the proposal could potentially help align the scopes of the FASB's and IASB's proposed lessor accounting requirements.

Editor's Note: Although the proposed ASU constitutes part of the FASB's effort to more closely align U.S. GAAP with IFRSs, fundamental differences in the accounting for investment properties under the two sets of standards would remain. Unlike IAS 40,⁴² which gives entities a fair value **option**, the proposed ASU would **require** that investment properties held by an IPE be measured at fair value in each reporting period. In addition, the FASB's guidance only applies to investment properties held by IPEs (the scope of IAS 40 is not limited to such entities).

³⁹ FASB Accounting Standards Update No. 2011-08, *Testing Goodwill for Impairment*.

⁴⁰ FASB Accounting Standards Codification Subtopic 350-20, *Intangibles — Goodwill and Other: Goodwill*.

⁴¹ FASB Proposed Accounting Standards Update, *Real Estate — Investment Property Entities*.

⁴² IAS 40, *Investment Property*.

An entity that invests in a real estate property or properties but that does not meet the proposed IPE criteria may still be within the scope of the proposed investment company ASU, in which case it would be required to measure investments owned by the entity at fair value, including investments in investment properties. Because of the similarities between the IPE project and the investment company project, the FASB recommends that the two proposed ASUs be reviewed concurrently; thus, the comment periods for the two standards coincide.

Next Steps: Comments on the proposed ASU are due by January 5, 2012.

Other Resources: Deloitte's October 21, 2011, [Heads Up](#) — Discusses FASB's proposal on IPEs. ●

Codification Technical Corrections (Including Certain Amendments to Various Codification Topics to Conform Terminology to ASC 820)

Affects: All entities.

Summary: On October 14, 2011, the FASB issued an ED⁴³ that would make certain technical corrections (i.e., minor amendments and clarifications) and "conforming fair value amendments" to the *FASB Accounting Standards Codification* (the "Codification").

The technical corrections (Section A of the ED) are divided into three main categories: (1) source literature amendments, (2) guidance clarification and reference corrections, and (3) relocated guidance. The FASB indicates that these technical corrections are not expected to have a significant effect on current accounting practice.

The fair value amendments (Section B of the ED) would "conform the use of the term *fair value* throughout the Codification." These amendments would reflect the usage of the term in the pre-Codification guidance in Statement 157⁴⁴ (codified in ASC 820⁴⁵), since the FASB had conformed this usage in some pre-Codification standards (e.g., FASB Statements) but not others (e.g., EITF literature, AICPA Statements of Position). The conforming amendments are thus intended to more fully reflect the measurement and disclosure requirements of ASC 820 that were codified from Statement 157. The ED indicates that the fair value amendments are generally not substantive but that some of them could result in changes to existing practice.

Next Steps: In general, the FASB is not providing transition guidance for the amendments because they are deemed nonsubstantive. However, the Board considers the amendments in paragraphs 47, 287, and 298 of the ED to be "more substantive." Therefore, for these amendments, an entity would be required to recognize the cumulative effect of the change in accounting principle as an adjustment to the opening balance of retained earnings (or its equivalent) as of the beginning of the fiscal year in which the entity adopts the ED.

The Board will decide on an appropriate effective date for the final ASU after it obtains and considers constituents' feedback on the ED. Comments on the ED are due by December 13, 2011.

Other Resources: Deloitte's October 20, 2011, [Heads Up](#) — Discusses FASB's ED on technical corrections to the Codification. ●

Impairment of Long-Lived Intangible Assets

Affects: All entities.

Summary: On November 2, 2011, the FASB voted to amend the guidance on testing indefinite-lived intangible assets for impairment and to give entities the option of performing a qualitative assessment to determine whether any events or circumstances exist that indicate that it is more likely than not that the indefinite-lived intangible asset is impaired. The qualitative assessment would be similar to the new qualitative assessment for goodwill under ASU 2011-08.

Next Steps: The proposed amendments would be effective for interim and annual impairment tests performed in fiscal years beginning after June 15, 2012; early adoption would be permitted.

The FASB expects to issue an ED on this topic later on this year. ●

⁴³ FASB Proposed Accounting Standards Update, *Technical Corrections*.

⁴⁴ FASB Statement No. 157, *Fair Value Measurements*.

⁴⁵ FASB Accounting Standards Codification Topic 820, *Fair Value Measurement*.

Risks and Uncertainties (Formerly Going Concern)

Affects: All entities.

Summary: The objective of this project is to provide guidance on (1) required disclosures about risks and uncertainties that may interfere with an entity's ability to continue as a going concern and meet its obligations when they become due and (2) the application of the liquidation basis of accounting.

Initially, the FASB tentatively decided that an entity would be required to:

- Provide specific disclosures when it is reasonably foreseeable that it "may not be able to meet its obligations as they become due without making substantial changes to its operating or capital structure" (e.g., a substantial disposition of assets outside the ordinary course of business, a restructuring of debt, the issuance of equity, or externally or internally forced revisions of the entity's operations). The entity would be required to take into account available information about the foreseeable future, which would be generally, but not necessarily, 12 months from the end of the reporting period.
- Use the liquidation basis of accounting in preparing its financial statements if liquidation appears to be imminent. This accounting basis would require the entity to measure financial statement items to reflect the amount of cash expected to be collected or paid during the course of liquidation.
- Update the assessment of its ability to meet its obligations as they become due if, before the entity had issued its financial statements, a subsequent event occurs that significantly affects the entity's assessment. The entity would use the updated assessment to determine whether it would be required to provide the related disclosures (see first bullet point). However, the entity would still have to apply the guidance in ASC 855⁴⁶ to recognition and disclosure of specified subsequent events.

Next Steps: At its October 26, 2011, meeting, the FASB voted to change the scope of the project to exclude disclosures regarding risks and uncertainties because similar disclosures are tentatively included in another board project. In addition, the FASB deferred making a decision about whether management, rather than auditors, should have the primary responsibility for generating the going-concern assessment. Finally, the FASB staff was asked to perform additional work to clarify the term "substantial doubt" by working with the SEC, PCAOB, and the AICPA's Auditing Standards Board.

The FASB expects to issue an ED in the first half of 2012. At this time, the board has not indicated a goal for issuing a final standard. ●

Disclosure Framework

Affects: All entities.

Summary: In response to requests and recommendations made by several constituents, in 2009 the FASB added a new agenda project aimed at establishing a framework intended to make financial statement disclosures more effective and coordinated and less redundant. This project has two primary objectives:

- Establish an overarching framework to improve the effectiveness of financial statement disclosures, which would be achieved by focusing on matters that are most important to financial statement end users. These matters would be presented in an order and format that promotes clear communication, resulting in a net reduction in disclosure volume and a net increase in usefulness of the information disclosed.
- Seek better methods for integrating information provided in financial statements, MD&A, and other parts of an entity's financial reporting package, with the overall intention of promoting meaningful communication and avoiding repetition wherever possible. To achieve this objective, the Board would first need to develop the framework envisioned in the first objective.

At its August 24, 2011, meeting, the FASB approved a proposed decision process as a starting point for developing its overall disclosure framework. The approved decision process consists of a list of questions designed to formalize the Board's method for identifying (1) needed disclosures and (2) useful disclosure information for consideration in future standard setting. The FASB also indicated that the framework, once finalized, may be used to evaluate (and potentially change) existing disclosure requirements.

⁴⁶ FASB Accounting Standards Codification Topic 855, *Subsequent Events*.

The FASB staff is working closely on this project with the European Financial Reporting Advisory Group (EFRAG) to create a consistent framework for both U.S. and international GAAP. The staff also plans to work with the SEC and the PCAOB to explore whether the application of materiality to disclosures of financial information can be clarified.

Next Steps: The FASB expects to issue a DP on this project in the first half of 2012. ●

Disclosures About Certain Loss Contingencies

Affects: All entities.

Summary: In July 2010, the FASB issued an [ED⁴⁷](#) that would:

- Expand the scope of loss contingencies subject to disclosure to include certain remote contingencies.
- Increase the quantitative and qualitative disclosures entities must provide to enable users to assess the nature, potential magnitude, and potential timing (if known) of loss contingencies.
- For public entities, to require a tabular reconciliation for changes in amounts recognized for loss contingencies.

Constituents expressed concerns regarding many of the proposed disclosure requirements. Before beginning redeliberations, the FASB has directed its staff to (1) understand efforts made by the SEC and PCAOB to improve compliance with existing disclosure requirements in ASC 450-20⁴⁸ and (2) review 2010 Form 10-K filings for calendar-year-end reporting entities and determine whether those efforts resulted in improved disclosures.

Next Steps: In reassessing the project, the FASB has determined it to be lower-priority. The Board has not provided additional information regarding when further activity will commence.

Other Resources: Deloitte's July 20, 2010, [Heads Up](#) — Discusses FASB's proposed guidance on expanded disclosures about loss contingencies. ●

⁴⁷ FASB Proposed Accounting Standards Update, *Disclosure of Certain Loss Contingencies*.

⁴⁸ FASB Accounting Standards Codification Subtopic 450-20, *Contingencies: Loss Contingencies*.

Key Takeaways

So what should management and others in the financial reporting community think about now as the wave of accounting and financial reporting changes continues to build? The following are some potential considerations:

- Management should begin assessing how potential new standards may affect the way in which amounts are recorded and disclosed in their company's financial statements, since changes to their process and reporting systems may be warranted.
- Management should ensure that plans are in place to address the impact of any new accounting standards resulting from the FASB/IASB joint and FASB-only projects.
- To understand the potential timing of new standard issuance and implementation, management should be aware of the status of each of the FASB/IASB joint and FASB-only projects.

Entities may also wish to consider the following questions:

1. Are all necessary groups engaged in the discussions regarding these changes?
2. What are the key differences between current accounting policies and proposed changes to U.S. GAAP? How will these accounting changes affect critical accounting policies and management's estimates?
3. How will the proposed changes affect the financial statements, capital ratios, debt covenants, and internal controls over financial reporting?
4. Are sufficient and knowledgeable resources available to address these accounting changes?
5. Are information technology systems able to integrate the proposed changes?
6. Will these accounting changes require the increased use of external specialists?
7. What educational needs and goals do the board and audit committee have? How will the changes affect the financial expert designation?
8. How will the changes affect the duties and responsibilities of the audit committee with respect to internal control and financial statement disclosure?
9. What information, if any, will need to be communicated to external financial statement users?

Still uneasy about the significance of these changes? Stay tuned for further communications regarding each of these projects (e.g., [Heads Up](#) newsletters and [Dbriefs](#) webcasts). In addition, feel free to reach out to a Deloitte representative to have more detailed discussions regarding these projects, the accounting changes they represent, or the business impact they may pose.

Appendix — Summary of Significant Adoption Dates, Transition Guidance, and Other Resources for Recently Issued ASUs

Standard and Resources	Affects	Effective Date	Transition	Early Adoption/Applica- tion Permitted?
ASU 2011-09, <i>Disclosures About an Employer's Participation in a Multiemployer Plan</i> Deloitte Resources <ul style="list-style-type: none"> Accounting Roundup: Third Quarter in Review — 2011. September 23, 2011, <i>Heads Up.</i> 	Entities with multiemployer benefit plans.	Public Entities Effective for fiscal years ending after December 15, 2011. Nonpublic Entities Effective for fiscal years ending after December 15, 2012.	Public Entities Retrospective application required for all periods presented. Nonpublic Entities Retrospective application required for all periods presented.	Public Entities Yes, early adoption is permitted. Nonpublic Entities Yes, early adoption is permitted.
ASU 2011-08, <i>Testing Goodwill for Impairment</i> Deloitte Resources <ul style="list-style-type: none"> Accounting Roundup: Third Quarter in Review — 2011. September 16, 2011, <i>Heads Up.</i> 	Entities with recorded goodwill.	Effective for annual and interim goodwill impairment tests performed for fiscal years beginning after December 15, 2011.	Amendments, including the qualitative analysis, may be applied to an annual or interim goodwill test performed "as of a date before September 15, 2011, if an entity's financial statements . . . have not yet been issued or, for nonpublic entities, have not yet been made available for issuance."	Yes, early adoption is permitted.
ASU 2011-07, <i>Presentation and Disclosure of Patient Service Revenue, Provision for Bad Debts, and the Allowance for Doubtful Accounts for Certain Health Care Entities</i> Deloitte Resources <ul style="list-style-type: none"> Accounting Roundup: Third Quarter in Review — 2011. 	Health care organizations.	Public Entities Effective for fiscal years, and interim periods within those fiscal years, after December 15, 2011. Nonpublic Entities Effective for the first annual period ending after December 15, 2012, and interim and annual periods thereafter.	Amendments to the presentation of the provision for bad debts related to patient service revenue in the statement of operations should be applied retrospectively to all prior periods presented. Disclosures required should be provided for the period of adoption and subsequent reporting periods.	Public Entities Yes, early adoption is permitted. Nonpublic Entities Yes, early adoption is permitted.
ASU 2011-06, <i>Fees Paid to the Federal Government by Health Insurers</i> Deloitte Resources <ul style="list-style-type: none"> Accounting Roundup: Third Quarter in Review — 2011. 	Entities that provide health insurance and that are required to pay the U.S. government a fee calculated on the basis of net premiums and third-party administrative agreement fees.	Effective for calendar years beginning after December 31, 2013, when the fee initially becomes effective.	N/A	N/A
ASU 2011-05, <i>Presentation of Comprehensive Income</i> Deloitte Resources <ul style="list-style-type: none"> June 17, 2011, <i>Heads Up.</i> Accounting Roundup: Second Quarter in Review — 2011. 	All entities.	Public Entities Effective for fiscal years, and interim periods within those years, beginning after December 15, 2011. Nonpublic Entities Effective for annual periods ending after December 15, 2012, and interim and annual periods thereafter.	Public Entities Retrospective application required for all periods presented. Nonpublic Entities Retrospective application required for all periods presented.	Public Entities Yes, early adoption is permitted. Nonpublic Entities Yes, early adoption is permitted.

Standard and Resources	Affects	Effective Date	Transition	Early Adoption/Applica- tion Permitted?
ASU 2011-04, <i>Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs</i> Deloitte Resources <ul style="list-style-type: none"> May 13, 2011, <i>Heads Up</i>. <i>Accounting Roundup: Second Quarter in Review — 2011</i>. 	All entities.	Public Entities Effective for interim and annual periods beginning after December 15, 2011. Nonpublic Entities Effective for annual periods beginning after December 15, 2011.	Public Entities Prospective application required (i.e., no cumulative adjustment to opening retained earnings). Nonpublic Entities Prospective application required.	Public Entities No, early application is not permitted. Nonpublic Entities Yes, nonpublic entities may early apply the amendments for interim periods beginning after December 15, 2011.
ASU 2011-03, <i>Reconsideration of Effective Control of Repurchase Agreements</i> Deloitte Resources <ul style="list-style-type: none"> May 2, 2011, <i>Heads Up</i>. <i>Accounting Roundup: Second Quarter in Review — 2011</i>. 	All entities.	Effective for the first interim or annual period beginning on or after December 15, 2011.	Should be applied prospectively to transactions, or modifications of existing transactions, that occur on or after the effective date.	No, early adoption is not permitted.
ASU 2011-02, <i>A Creditor's Determination of Whether a Restructuring Is a Troubled Debt Restructuring</i> Deloitte Resources <ul style="list-style-type: none"> April 6, 2011, <i>Heads Up</i>. <i>Accounting Roundup: Second Quarter in Review — 2011</i>. 	All entities.	Public Entities Effective for the first interim or annual period beginning on or after June 15, 2011. Nonpublic Entities Effective for annual periods ending on or after December 15, 2012, including interim periods within those annual periods.	Public Entities Should be applied retrospectively to modifications occurring on or after the beginning of the annual period of adoption. Nonpublic Entities Should be applied retrospectively to modifications occurring on or after the beginning of the annual period of adoption.	Public Entities Yes, early adoption is permitted. Nonpublic Entities Yes, early adoption is permitted for any interim period in the fiscal year of adoption.
ASU 2011-01, <i>Deferral of the Effective Date of Disclosures About Troubled Debt Restructurings in Update No. 2010-20</i> Deloitte Resources <ul style="list-style-type: none"> <i>Accounting Roundup: First Quarter in Review — 2011</i>. January 21, 2011, <i>Heads Up</i>. 	Public-entity creditors that modify financing receivables within the scope of the TDR disclosure requirements in ASU 2010-20. This ASU does not affect nonpublic entities.	Public Entities Effective upon issuance. Nonpublic Entities N/A	Public Entities N/A Nonpublic Entities N/A	Public Entities N/A Nonpublic Entities N/A
ASU 2010-29, <i>Disclosure of Supplementary Pro Forma Information for Business Combinations</i> Deloitte Resources <ul style="list-style-type: none"> <i>Accounting Roundup: First Quarter in Review — 2011</i>. 	Public entities, as defined in ASC 805, entering into business combinations that are material individually or in the aggregate.	Public Entities Effective for business combinations whose acquisition date is at or after the beginning of the first annual reporting period beginning on or after December 15, 2010. Nonpublic Entities N/A	Public Entities Prospective application required. Nonpublic Entities N/A	Public Entities Yes, early adoption is permitted. Nonpublic Entities N/A

Standard and Resources	Affects	Effective Date	Transition	Early Adoption/Applica- tion Permitted?
ASU 2010-28, <i>When to Perform Step 2 of the Goodwill Impairment Test for Reporting Units With Zero or Negative Carrying Amounts</i> Deloitte Resources <ul style="list-style-type: none"> Accounting Roundup: Year in Review — 2010. 	Entities that evaluate goodwill for impairment under ASC 350-20.	Public Entities Effective for fiscal years, and interim periods within those years, beginning after December 15, 2010. Nonpublic Entities Effective for fiscal years, and interim periods within those years, beginning after December 15, 2011.	Public Entities N/A Nonpublic Entities N/A	Public Entities No, early adoption is not permitted. Nonpublic Entities Yes, early adoption is permitted, but entities that elect early adoption will be required to use the same effective date as that for public entities.
ASU 2010-27, <i>Fees Paid to the Federal Government by Pharmaceutical Manufacturers</i> Deloitte Resources <ul style="list-style-type: none"> Accounting Roundup: Year in Review — 2010. 	Entities that are required to pay the U.S. government a fee calculated on the basis of sales of qualifying branded prescription drugs to any federal program.	Effective for calendar years beginning after December 31, 2010, when the fee initially becomes effective.	N/A	N/A
ASU 2010-26, <i>Accounting for Costs Associated With Acquiring or Renewing Insurance Contracts</i> Deloitte Resources <ul style="list-style-type: none"> Accounting Roundup: Year in Review — 2010. 	Insurance entities that are within the scope of ASC 944.	Effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2011.	Prospective application is required upon adoption. In addition, retrospective application to all periods presented upon the date of adoption is permitted, but not required.	Yes, early adoption is permitted, but only at the beginning of an entity's annual reporting period.
ASU 2010-25, <i>Reporting Loans to Participants by Defined Contribution Pension Plans</i> Deloitte Resources <ul style="list-style-type: none"> Accounting Roundup: Year in Review — 2010. 	Entities that issue employee benefit plan financial statements.	Effective for fiscal years ending after December 15, 2010.	Retrospective application is required for all periods presented.	Yes, early adoption is permitted.
ASU 2010-24, <i>Presentation of Insurance Claims and Related Insurance Recoveries</i> Deloitte Resources <ul style="list-style-type: none"> Accounting Roundup: Year in Review — 2010. 	Health care organizations.	Effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2010.	Cumulative-effect adjustment should be recognized in opening retained earnings in the period of adoption if a difference exists between any liabilities and insurance receivables resulting from amendment adoption. Retrospective application is permitted.	Yes, early application is permitted.
ASU 2010-23, <i>Measuring Charity Care for Disclosure</i> Deloitte Resources <ul style="list-style-type: none"> Accounting Roundup: Year in Review — 2010. 	Health care organizations.	Effective for fiscal years beginning after December 15, 2010.	Retrospective application is required for all periods presented.	Yes, early adoption is permitted.

Standard and Resources	Affects	Effective Date	Transition	Early Adoption/Applica- tion Permitted?
<p>ASU 2010-20, <i>Disclosures About the Credit Quality of Financing Receivables and the Allowance for Credit Losses</i></p> <p>Deloitte Resources:</p> <ul style="list-style-type: none"> • Accounting Roundup: Year in Review — 2010. 	All entities.	<p>Public Entities</p> <p>Disclosures as of the end of a reporting period are effective for interim and annual reporting periods ending on or after December 15, 2010.</p> <p>Disclosures about the activity that occurs during a reporting period are effective for interim and annual reporting periods beginning on or after December 15, 2010.</p> <p>Nonpublic Entities</p> <p>Disclosures are effective for annual reporting periods ending on or after December 15, 2011.</p> <p>An entity must provide previously deferred (see ASU 2011-01) disclosures for TDRs required by ASU 2010-20 in the first interim or annual period beginning after June 15, 2011.</p>	Encourages, but does not require, comparative disclosures for reporting periods that ended before initial adoption.	N/A
<p>ASU 2010-16, <i>Accruals for Casino Jackpot Liabilities</i></p> <p>Deloitte Resources:</p> <ul style="list-style-type: none"> • Accounting Roundup: Year in Review — 2010. 	Entities that have gaming operations within the scope of ASC 924.	Effective for fiscal years, and interim periods within those fiscal years, beginning on or after December 15, 2010.	A cumulative catch-up adjustment will be recorded in retained earnings as of the beginning of the period in which this guidance is adopted.	Yes, early adoption is permitted.
<p>ASU 2010-15, <i>How Investments Held Through Separate Accounts Affect an Insurer's Consolidation Analysis of Those Investments</i></p> <p>Deloitte Resources:</p> <ul style="list-style-type: none"> • Accounting Roundup: Year in Review — 2010. 	Insurance companies that have a majority interest in an investment fund through interests held by the separate accounts or through a combination of interests held by the general and separate accounts.	Effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2010.	Retrospective application to all prior periods is required.	Yes, early adoption is permitted.
<p>ASU 2010-13, <i>Effect of Denominating the Exercise Price of a Share-Based Payment Award in the Currency of the Market in Which the Underlying Equity Security Trades</i></p> <p>Deloitte Resources:</p> <ul style="list-style-type: none"> • Accounting Roundup: Year in Review — 2010. 	Entities that issue share-based payment awards with exercise prices in currencies that are different from the entity's functional currency and the payroll currency of the employees.	Effective for fiscal years, and interim periods within those fiscal years, beginning on or after December 15, 2010.	Prospective application is required. Affected entities will be required to record a cumulative catch-up adjustment to the opening balance of retained earnings for all awards outstanding as of the beginning of the annual period in which the guidance is adopted.	Yes, early adoption is permitted.

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Further information about the standard setters can be found on their respective Web sites as follows: www.fasb.org (FASB); www.fasb.org/eitf/agenda.shtml (EITF); www.aicpa.org (AICPA); www.sec.gov (SEC); www.fasab.gov (FASAB); www.gasb.org (GASB); and www.iasb.org — or on www.iasplus.com/index.htm (IASB and IFRIC).

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