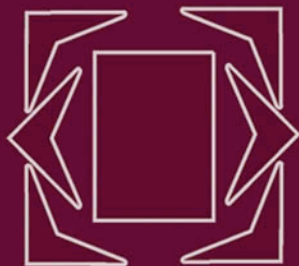


TENTH EDITION

ACCOUNTANTS' HANDBOOK

VOLUME TWO:
SPECIAL INDUSTRIES
AND SPECIAL TOPICS

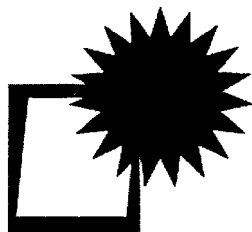


D.R. CARMICHAEL
PAUL H. ROSENFELD

TENTH EDITION

ACCOUNTANTS' HANDBOOK

VOLUME TWO:
SPECIAL INDUSTRIES
AND SPECIAL TOPICS



Update Service

BECOME A SUBSCRIBER!

Did you purchase this product from a bookstore?

If you did, it's important for you to become a subscriber. John Wiley & Sons, Inc., may publish, on a periodic basis, supplements and new editions to reflect the latest changes in the subject matter that you ***need to know*** in order to stay competitive in this ever-changing industry. By contacting the Wiley office nearest you, you'll receive any current update at no additional charge. In addition, you'll receive future updates and revised or related volumes on a 30-day examination review.

If you purchased this product directly from John Wiley & Sons, Inc., we have already recorded your subscription for this update service.

To become a subscriber, please call **1-877-762-2974** or send your name, company name (if applicable), address, and the title of the product to:

mailing address: **Supplement Department**
 John Wiley & Sons, Inc.
 One Wiley Drive
 Somerset, NJ 08875

e-mail: **subscriber@wiley.com**
fax: **1-732-302-2300**
online: **www.wiley.com**

For customers outside the United States, please contact the Wiley office nearest you:

Professional & Reference Division
John Wiley & Sons Canada, Ltd.
22 Worcester Road
Etobicoke, Ontario M9W 1L1
CANADA
Phone: 416-236-4433
Phone: 1-800-567-4797
Fax: 416-236-4447
Email: canada@wiley.com

John Wiley & Sons Australia, Ltd.
33 Park Road
P.O. Box 1226
Milton, Queensland 4064
AUSTRALIA
Phone: 61-7-3859-9755
Fax: 61-7-3859-9715
Email: brisbane@johnwiley.com.au

John Wiley & Sons, Ltd.
The Atrium
Southern Gate, Chichester
West Sussex PO19 8SQ
ENGLAND
Phone: 44-1243-779777
Fax: 44-1243-775878
Email: customer@wiley.co.uk

John Wiley & Sons (Asia) Pte., Ltd.
2 Clementi Loop #02-01
SINGAPORE 129809
Phone: 65-64632400
Fax: 65-64634604/5/6
Customer Service: 65-64604280
Email: enquiry@wiley.com.sg

TENTH EDITION

ACCOUNTANTS' HANDBOOK

VOLUME TWO:
SPECIAL INDUSTRIES
AND SPECIAL TOPICS

D. R. CARMICHAEL
PAUL H. ROSENFELD



WILEY

JOHN WILEY & SONS, INC.

This book is printed on acid-free paper. (∞)

Copyright © 2003 by John Wiley & Sons, Inc. All rights reserved.

Published by John Wiley & Sons, Inc., Hoboken, New Jersey
Published simultaneously in Canada.

No part of this publication may be reproduced, stored in a retrieval system or transmitted in any form or by any means, electronic, mechanical, photocopying, recording, scanning, or otherwise, except as permitted under Section 107 or 108 of the 1976 United States Copyright Act, without either the prior written permission of the Publisher, or authorization through payment of the appropriate per-copy fee to the Copyright Clearance Center, Inc., 222 Rosewood Drive, Danvers, MA 01923, 978-750-8400, fax 978-750-4470, or on the web at www.copyright.com. Requests to the Publisher for permission should be addressed to the Permissions Department, John Wiley & Sons, Inc., 111 River Street, Hoboken, NJ 07030, 201-748-6011, fax 201-748-6008, e-mail: permcoordinator@wiley.com.

Limit of Liability/Disclaimer of Warranty: While the publisher and author have used their best efforts in preparing this book, they make no representations or warranties with respect to the accuracy or completeness of the contents of this book and specifically disclaim any implied warranties of merchantability or fitness for a particular purpose. No warranty may be created or extended by sales representatives or written sales materials. The advice and strategies contained herein may not be suitable for your situation. You should consult with a professional where appropriate. Neither the publisher nor author shall be liable for any loss of profit or any other commercial damages, including but not limited to special, incidental, consequential, or other damages.

For general information on our other products and services, or technical support, please contact our Customer Care Department within the United States at 800-762-2974, outside the United States at 317-572-3998 or fax 317-572-4002.

Wiley also publishes its books in a variety of electronic formats. Some content that appears in print may not be available in electronic books.

For more information about Wiley products, visit our web site at www.wiley.com.

Library of Congress Cataloging-in-Publication Data:

Accountant's handbook / [edited by] D.R. Carmichael, Paul Rosenfield.—
10th ed.

p. cm.

Includes bibliographical references.

Contents: v. 1. Financial accounting and general topics —

ISBN 0-471-26993-X (set : alk. paper)—ISBN 0-471-26991-3 (pbk. : v. 1 : alk. paper).—ISBN 0-471-26992-1 (pbk. : v. 2 : alk. paper)

1. Accounting—Encyclopedias. 2. Accounting—Handbooks, manuals, etc. I. Carmichael, D. R. (Douglas R.), 1941– . II. Rosenfield, Paul.

HF5621 .A22 2003

657—dc21

2002153108

Printed in the United States of America

10 9 8 7 6 5 4 3 2 1

ABOUT THE EDITORS

D. R. Carmichael, PhD, CPA, CFE, is the Wollman Distinguished Professor of Accountancy at the Zicklin School of Business, The Stan Ross Department of Accountancy at Bernard M. Baruch College, The City University of New York. Until 1983, he was the vice president, auditing, at the AICPA, where he was in charge of the development of professional standards. Dr. Carmichael has written numerous professional books, college texts, and articles in professional as well as academic journals. He has acted as a consultant to CPA firms, state and federal government agencies, public corporations, and attorneys. He has dealt with issues related to accounting, auditing, ethics, and controls standards and practices. He has testified as an expert witness in civil and criminal litigation and proceedings.

Paul Rosenfield, CPA, was director of the Accounting Standards Division of the American Institute of Certified Public Accountants for 14 years. He previously was the first secretary general of the International Accounting Standards Committee, director of the Technical Research Division of the American Institute of Certified Public Accountants, and a member of the staff of its Accounting Research Division. He has authored two books and numerous articles on financial reporting in professional and academic journals.

ABOUT THE CONTRIBUTORS

James R. Adler, PhD, CPA, CFE, is founder of Adler Consulting Ltd., which specializes in forensic accounting. He has 40 years of public accounting and academic experience working with generally accepted accounting principles (GAAP) and generally accepted auditing standards (GAAS). He has had a diversified clientele, including public and private entities as well as governmental bodies such as the SEC, the U.S. Department of Justice, and the FDIC. He has written and lectured extensively on the professional standards and other accounting and economic issues.

Juan Aguerrebere, Jr., CPA, is a founding member of Perez-Abreu, Aguerrebere, Sueiro LLC in Coral Gables, Florida. He has served on numerous AICPA and FICPA committees, including the AICPA Technical Issues Committee, Group of 100, AICPA Joint Trial Board, and FICPA Accounting and Auditing Committee. He has over 13 years of experience in public accounting and auditing and over 20 years of experience in accounting for financial institutions. He has lectured on numerous accounting and auditing issues. He is a member of the AICPA, FICPA, a Diplomat of the American Board of Forensic Accounting, and a Neutral/Arbitrator for the American Arbitration Association.

Vincent Amoroso, FSA, is a principal in the employee benefits section of Deloitte & Touche LLP's Washington National Office. He has published and spoken frequently in the employee benefits accounting area, both on pensions and retiree medical care.

Ian J. Benjamin, CPA, is a managing director in the Not-for-Profit Services Group of American Express Tax and Business Services, Inc. Prior to joining American Express, Mr. Benjamin was a partner at Deloitte & Touche in their Tri-State Not-for-Profit and Higher Education Services Group. He is currently a member of the FASB working group on not-for-profit organizations and the Professional Ethics Committee of the New York State Society of CPAs. He is a former member of the International Accounting Committee and the Not-for-Profit Organizations Committee of the New York State Society of CPAs.

Martin Benis, PhD, CPA, is a professor and former chairman of The Stan Ross Department of Accountancy at the Zicklin School of Business, Bernard M. Baruch College, CUNY. He is currently a consultant on accounting and auditing matters to more than 50 accounting firms and organizations throughout the United States. His articles have appeared in major accounting and auditing journals.

Andrew J. Blossom, CPA, is a senior manager in the Public Services line of business of KPMG Peat Marwick LLP. He is assigned to KPMG's Department of Professional Practice, where he is responsible for handling technical inquiries related to governmental accounting, auditing, and reporting. Mr. Blossom is a member of the AICPA Government Accounting and Auditing Committee. He received his BS degree from the University of Kansas.

Stephen Bryan, MBA, PhD, is an associate professor of the Stan Ross Department of Accountancy at the Zicklin School of Business, Bernard M. Baruch College, CUNY. He received his doctorate in accounting from New York University.

Luis E. Cabrera, CPA, is a technical manager with the AICPA's Professional Standards and Services Team. Mr. Cabrera was previously responsible for technical research activities as a senior accountant in the national office of Pannell Kerr Forster, PC. He was also an audit senior with Coopers & Lybrand and has served as an adjunct professor of Accountancy at the Zicklin School of Business in the Stan Ross Department of Accountancy at Bernard M. Baruch College, CUNY.

Joseph V. Carcello, PhD, CPA, CMA, CIA, is a William B. Stokely Distinguished Scholar and an associate professor in the Department of Accounting and Business Law at the University of Tennessee. Dr. Carcello is the coauthor of the *2003 Miller GAAP Practice Manual*. Dr. Carcello has taught professional development courses and conducted funded research for three of the Big 4 firms. He also has taught continuing professional education courses for the AICPA, the Institute of Internal Auditors, the Institute of Management Accountants, and the Tennessee and Florida Societies of CPAs.

Peter T. Chingos, CPA, is a principal in the New York office of Mercer Human Resource Consulting and a member of the firm's Worldwide Partners Group. He is the U.S. leader for the firm's Executive Compensation Consulting Practice. For more than 25 years he has consulted with senior management, compensation committees, and boards of directors of leading global corporations on executive compensation and strategic business issues. He is a frequent keynote speaker at professional conferences, writes extensively on all aspects of executive compensation, and is often quoted in the press. He is a member of the advisory Board of the National Association of Stock Plan Professionals and currently teaches basic and advanced courses in executive compensation in the certification program for compensation professionals sponsored by Worldatwork.

Walton T. Conn, Jr., CPA, is an SEC Reviewing Partner in the Silicon Valley office of KPMG Peat Marwick LLP, where he works in the information, communication, and entertainment practice. He has spent four years in his firm's Department of Professional Practice in New York and is a former practice fellow of the AICPA Auditing Standards Board.

John R. Deming, CPA, is a partner in the Department of Professional Practice of KPMG Peat Marwick LLP in New York. He is a former member of the AICPA Accounting Standards Executive Committee and has served on a number of FASB task forces and EITF working groups. Mr. Deming has written numerous articles on a variety of accounting issues, including leases, business combinations, pensions, and employee stock-based compensation.

Jason Flynn, FSA, is a senior manager in the employee benefits section of Deloitte & Touche LLP's Detroit office.

Martha Garner, CPA, is a director in the national office of PricewaterhouseCoopers LLP, where she is the firm's industry specialist for healthcare accounting and financial reporting matters. She has served on numerous AICPA, FASB, and Healthcare Financial Management Association task forces and committees dealing with healthcare financial reporting issues. She is a contributing author on healthcare matters for *Montgomery's Auditing* and the *Financial and Accounting Guide for Not-for-Profit Organizations*, and has authored numerous healthcare articles and publications.

Frederick Gill, CPA, is senior technical manager on the Accounting Standards Team at the AICPA, where he provides broad technical support to the Accounting Standards Executive Committee. During 19 years with the AICPA, he participated in the development of numerous AICPA Statements of Position, Audit and Accounting Guides, Practice Bulletins, issues papers, journal articles, and practice aids. He was a member of the U.S. delegation to the International Accounting Standards Committee, represented the U.S. accounting profession on the United

Nations Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting, and was a member of the National Accounting Curriculum Task Force. Previously he held several accounting faculty positions.

Alan S. Glazer, PhD, CPA, is professor of Business Administration at Franklin & Marshall College, Lancaster, Pennsylvania. He was associate director of the Independence Standards Board's conceptual framework project and has been a consultant to several AICPA committees. His articles on auditor independence, not-for-profit organizations, and other issues have been published in academic and professional journals.

Andrew F. Gottschalk, CPA, is a senior manager in the public services practice of KPMG Peat Marwick LLP. He has over 13 years of experience serving state and local governments. He is a member of the Government Finance Officers Association, the Association of Government Accountants, and the New York and Illinois Societies of CPAs.

Richard P. Graff, CPA, is CEO of The Graff Consulting Group. He serves as a financial and business adviser to the natural resources industry and has coauthored numerous publications. Prior to that, he was a partner in the international accounting firm of PricewaterhouseCoopers LLP, where he served as audit leader of the U.S. Mining Industry Group.

Dan M. Guy, PhD, CPA, is a writer and consultant. Formerly he served as a vice-president of Professional Standards and Services at the AICPA. He is a coauthor of *Practitioner's Guide to GAAS and Ethics for CPAs* (John Wiley & Sons); *Guide to Compilation and Review Engagements* (Practitioners Publishing Company, 1988); and has published numerous articles in professional journals, an auditing textbook (Dryden Press), and an audit sampling textbook (John Wiley & Sons).

Wendy Hambleton, CPA, is an audit partner working in the National SEC Department in BDO Seidman LLP's Chicago office. Prior to joining the SEC Department, Ms. Hambleton worked in the firm's Washington, DC, practice office. She works extensively with clients and engagement teams to prepare SEC filings and resolve related accounting and reporting issues. Ms. Hambleton coauthors a number of internal and external publications, including the AICPA's *Guide to SEC Reporting* and Warren Gorham & Lamont's *Controller's Handbook* chapter on public offering requirements.

Philip M. Herr, JD, CPA, is the director of Advanced Planning of Kingsbridge Financial Group, Inc., Point Pleasant Beach, New Jersey, and is an adjunct professor at Fairleigh Dickinson University, School of Continuing Education, Certified Employee Benefits Specialist Program and Certified Financial Planner Program. He is admitted to the New York and U.S. Tax Court Bars and is a member of the New York State Bar Association, New York State Society of CPAs, New Jersey Society of CPAs, and Association for Advanced Life Underwriting. He specializes in the areas of: tax; estates and trusts; estate, business, and financial planning; ERISA issues and transactions; retirement, employee benefit, and executive compensation planning; and use of life insurance and insurance products. He also holds the NASD 7, 24, 63, and 65 securities licenses.

Karen L. Hooks, PhD, CPA, is a professor of accountancy at Florida Atlantic University (FAU). Her primary research areas are the public accounting work environment, sociology of professions, gender, ethics, and communication. She teaches undergraduate classes, as well as in the Master of Accounting, MBA, and Master of Science in International Business at FAU. Professor Hooks has been published in *Accounting Organizations and Society*, *Behavioral Research in Accounting*, *Auditing: A Journal of Practice and Theory*, *Accounting Horizons*, *Critical Perspectives on Accounting*, *Advances in Accounting*, *Advances in Public Interest*

Accounting, Journal of Accountancy, among others. She received her PhD from Georgia State University.

Keith M. Housum, CPA, is a senior manager in the tax consulting practice of Ernst & Young LLP. He specializes in the Financial Services area. Mr. Housum has over six years of experience assisting financial services clients with a variety of tax issues. Clients have ranged in size from small community-based banks to large regional financial institutions. He began his career with Ernst & Young LLP upon graduation from Case Western Reserve University with a bachelor's degree in Accounting. He is a member of the Ohio Society of Certified Public Accountants.

Henry R. Jaenicke, PhD, CPA, is the C. D. Clarkson Professor of Accounting at Drexel University. He is the author of *Survey of Present Practices in Recognizing Revenues, Expenses, Gains, and Losses* (FASB, 1981) and is the coauthor of the 12th edition of *Montgomery's Auditing* (John Wiley & Sons, 1998). He has served as a consultant to several AICPA committees, the Independence Standards Board, and the Public Oversight Board.

Richard C. Jones, PhD, CPA, is an assistant professor in the Accounting/Taxation/Business Law Department of Hofstra University. Dr. Jones's teaching interests include managerial accounting and financial reporting. His research interests focus on auditing and the international self-regulatory accounting environment. Dr. Jones has also contributed extensively to AICPA publications.

Richard R. Jones, CPA, is a senior partner in the National Accounting Standards Professional Practice Group of Ernst & Young LLP, where he is responsible for assisting the firm's clients in understanding and implementing today's complex accounting requirements. Mr. Jones's particular fields of expertise are in the areas of impairments, equity accounting, real estate, leasing, and various financing arrangements.

Allyn A. Joyce has been a business appraiser for 40 years. He is principal of Allyn A. Joyce & Co., Inc., which specializes in litigation support appraisals and litigation support appraisal reviews.

Alan M. Kall is a principal in the tax consulting practice of Ernst & Young LLP specializing in the Financial Services area. Mr. Kall has over 17 years of experience assisting financial services clients with a variety of tax and accounting issues. His clients' range in size from small community-based banks to large regional financial institutions. He began his career with Ernst & Young LLP upon graduation from Cleveland State University with a BBA in Accounting. He is a CPA and a member of the Ohio Society of Certified Public Accountants.

Eric Klis, ASA, is a manager in the employee benefits section of Deloitte & Touche LLP's Minneapolis office.

Margaret R. Kolb, CPA, is a senior manager in Litigation Consulting Department of the New York office of American Express Tax and Business Services, Inc., where she provides litigation consulting, forensic accounting, and expert witness services to law firms and insurance companies. She has prepared expert reports and provided testimony in a variety of forums. Ms. Kolb is a certified public accountant in the State of New York, a member of the American Institute of Certified Public Accountants and the New York State Society of Certified Public Accountants. She recently served for two years on the Litigation Consulting Committee of the New York State Society of Certified Public Accountants.

Debra J. MacLaughlin, CPA, is a partner and the Deputy National SEC Director in BDO Seidman LLP's Chicago office. She has over 23 years of professional accounting experience and has served clients in both the public and private sectors. As Deputy National SEC Director, Ms.

MacLaughlin assists the firm's clients and engagement teams in preparing SEC filings, performs prerelease reviews of registration statements and selected Form 10-Ks, and consults on related accounting and reporting issues.

Susan McElyea, CPA, is a director in PricewaterhouseCoopers Transaction Services Group. Her 22 years of industry experience includes corporations owning real estate not used in their business, commercial and industrial developers, home-builders, hotel owners, operators, syndicators, property managers, and retail clients with substantial real estate properties. Experience includes off balance sheet structuring, lease and transaction structuring, lease analysis, securitization and bulk sales transactions, cash flow modeling, due diligence services, private and public debt offerings, development of cash flow projections related to real estate syndications, and consultation regarding accounting and reporting matters with clients in structuring various real estate transactions. Additionally, she has served as an instructor for many real estate accounting and auditing continuing education courses and contributed significantly to the 1995 John Wiley & Sons technical research book entitled *Real Estate Accounting and Reporting*.

Benjamin A. McKnight III, CPA, is a retired partner at Arthur Andersen LLP in its Chicago office. He specializes in services to regulated enterprises, is a frequent speaker, and provides expert testimony on utility and telecommunication accounting and regulatory topics.

Francine Mellors, CPA, is a director in Ernst & Young's National Department of Professional Practice in New York. Her duties include consulting and writing on various accounting topics, including employee benefit issues, as well as serving as knowledge leader and publications director for the National AABS Practice. Prior to this role, Ms. Mellors served as a vice-president in the Accounting Policy Group at the Chase Manhattan Bank and as an auditor at Deloitte and Touche. She holds a BA and an MA in Hispanic Studies and an MBA in Accounting and Management.

John R. Miller, CPA, CGFM, is a partner and member of the board of directors of KPMG Peat Marwick LLP. He is partner-in-charge of the firm's Public Services Assurance and Resource Management Services. Mr. Miller is a member of the Comptroller General's Audit Advisory Committee and a former chairman of the AICPA's Government and Auditing Committee and is a recognized authority on governmental financial management.

Lailani Moody, CPA, MBA, is a partner in Grant Thornton LLP's Professional Standards Group. Her responsibilities are primarily in the area of accounting and financial reporting, and, in particular, stock compensation, equity transactions, and newly issued accounting pronouncements from the FASB and the FASB's Emerging Issues Task Force. She was formerly a technical manager in the AICPA's Accounting Standards Division.

Richard H. Moseley, CPA, is a managing director in the Chicago Metro office of American Express Tax and Business Services, Inc. and the co-director of the Quality Assurance Department. Mr. Moseley is responsible for providing consultation services on accounting technical issues and preparing implementation guidance for new accounting standards. He is a member of the AICPA's Accounting Standards Executive Committee and a former member of the PCPS Technical Issues Committee.

Anthony J. Mottola, CPA, CFE, is president of Mottola & Associates, Inc., a consulting firm in areas such as litigation support, financial services, strategic planning, corporate oversight, transactions structuring, and systems and business evaluation. Previously he was a partner with Coopers & Lybrand, Spicer & Oppenheim, and EVP, and a member of the board of directors of Shearson Lehman. He was special assistant to New York City's Deputy Mayor of Finance during its fiscal crises and served as the first Practice Fellow at FASB.

Dennis S. Neier, CPA, is a partner in the accounting firm of Goldstein Golub Kessler LLP, a managing director in the New York office of American Express Tax and Business Services, Inc., and the associate director of the New York Litigation Consulting Department. Mr. Neier provides litigation consulting and support, expert witness, and forensic accounting services to law firms, insurance companies, and in-house counsel. He assists in all phases of the litigation process, from precomplaint through posttrial, and has testimony experience in a variety of forums. He is certified in New York and Louisiana and is a member of the American Institute of Certified Public Accountants, the New York State Society of Certified Public Accountants, the American Arbitration Association, the Association of Certified Fraud Examiners, and the American College of Forensic Examiners, and is a diplomat of the American Board of Forensic Accounting.

Grant W. Newton, PhD, CPA, CMA, is a professor of accounting at Pepperdine University. He is the author of the two-volume set *Bankruptcy and Insolvency Accounting: Practice and Procedures: Forms and Exhibits, Sixth Edition* (John Wiley & Sons, 2000), and coauthor of *Bankruptcy and Insolvency Taxation, Second Edition* (John Wiley & Sons, 1994). He is a frequent contributor to professional journals and has lectured widely to professional organizations on bankruptcy-related topics.

Paul Pacter, PhD, CPA, is director, Deloitte Touche Tohmatsu IAS Global Office, Hong Kong. His responsibilities include IAS technical questions, developing his firm's comment letters to the IASB, advising the Ministry of Finance of China on developing accounting standards, and managing the web site, www.iasplus.com. From 1996 to 2000 he was International Accounting Fellow at the International Accounting Standards Committee, London. In that capacity, he managed a number of IASC's agenda projects, including financial instruments recognition and measurement, interim financial reporting, segment reporting, and discontinued operations. Previously Mr. Pacter worked for the U.S. FASB from its inception in 1973 and, for seven years, as commissioner of Finance of the City of Stamford, Connecticut. He has published nearly 100 professional monographs and articles. He received his PhD from Michigan State University and has taught in several MBA programs for working business managers.

Don M. Pallais, CPA, has his own practice in Richmond, Virginia. He is a former member of the AICPA Auditing Standards Board and the AICPA Accounting and Review Services Committee. He has written a host of books, articles, and CPE courses on accounting topics.

Ronald J. Patten, PhD, CPA, is the dean emeritus of the College of Commerce and Kellstadt Graduate School at DePaul University. He was the first director of research for the FASB and a former associate in the firm of Arthur D. Little International. He is the coauthor of *CPA Review: Practice, Theory, Auditing and Law, First and Second Edition* (John Wiley & Sons, 1974, 1978).

Laura J. Phillips, CPA, is a senior manager in the Cleveland office of Ernst & Young LLP. She was formerly assigned to the firm's national offices in New York and Cleveland, specializing in the financial services industry. She has been a Technical Audit Advisor to the Auditing Standards Board of the AICPA as well as a member of the AICPA Auditing Financial Instruments Task Force. Her articles have appeared in *Bank Accounting* and *Finance and Commercial Lending Review*. She currently serves commercial banking clients.

Ronald F. Ries, CPA, is the managing director in charge of the Not-for-Profit Services Group in the New York office of the American Express Tax and Business Services, Inc. Prior to joining American Express, Mr. Ries was controller, treasurer, and vice president of finance for Spi-

ral Metal Company, Inc. He is an active member of the Accounting for Non-Profit Organizations Committee of the New York State Society of Certified Public Accountants and active in the AICPA. He is a contributing editor to the *Practical Accountant* and lectures and writes frequently on various business and financial matters in both the commercial and not-for-profit sectors.

Jacob P. Roosma, CPA, is director of the New York office of Willamette Management Associates, specializing in business valuation. He was previously a partner in the New York office of Deloitte & Touche LLP and, before that, vice president of Management Planning, Inc.

Mark R. Rouchard, CPA, MBA, is a partner in Ernst & Young's financial services practice. Mr. Rouchard has spent his entire career serving financial institution clients and has provided a wide range of accounting and auditing services to some of Ernst & Young's largest banking clients. Mark currently serves on the AICPA's Regulatory Task Force. He has spoken at AICPA conferences and written for *Bank Accounting and Finance* magazine.

Robert L. Royall II, CPA, CFA, MBA, is a partner in Ernst & Young's National Professional Practices Group in New York City, specializing in accounting for derivatives and hedging activities and financial instruments. Mr. Royall has authored or edited all of his firm's technical literature related to FASB Statement No. 133, *Accounting for Derivative Instruments and Hedging Activities*. He regularly works with the FASB staff and SEC regulators to monitor emerging interpretations in this rapidly changing area. Mr. Royall is a member of the Association for Investment Management and Research.

Steven Rubin, CPA, is a firm director in the national assurance, accounting and advisory services department of Deloitte & Touche LLP. Previously he was the director of accounting at another national firm and a principal and the director of quality control at a local firm. Prior to that he held key staff positions at the AICPA and taught accounting as an adjunct assistant professor at Brooklyn College of CUNY, his alma mater. A frequent writer and lecturer, he is active in the New York State Society of Certified Public Accountants, where he chairs its Financial Accounting Standards Committee, and is former member of its board of directors.

Warren Ruppel, CPA, is the assistant comptroller for accounting of the City of New York, where he is responsible for all aspects of the city's accounting and financial reporting. He has over 20 years of experience in governmental and not-for-profit accounting and financial reporting. He began his career at KPMG after graduating from St. John's University, New York, in 1979. His involvement with governmental accounting and auditing began with his first audit assignment—the second audit ever performed of the financial statements of the City of New York. After that he served many governmental and commercial clients until he joined Deloitte & Touche in 1989 to specialize in audits of governments and not-for-profit organizations. Mr. Ruppel has also served as the CFO of an international not-for-profit organization. Mr. Ruppel has served as instructor for many training courses, including specialized governmental and not-for-profit programs and seminars. He has also been an adjunct lecturer of accounting at the Bernard M. Baruch College, CUNY. He is the author of four books, *OMP Circular A-133 Audits*, *Wiley GAAP for Governments*, *Not-for-Profit Organization Audits*, and *Not-for-Profit Accounting Made Easy*. Mr. Ruppel is a member of the AICPA as well as the New York State Society of Certified Public Accountants, where he serves on the Governmental Accounting and Auditing and Not-for-Profit Organizations committees. He is also a member of the Institute of Management Accountants and is a past president of the New York chapter. Mr. Ruppel is a member of the Government Financial Officers Association and serves on its Special Review Committee.

Clifford H. Schwartz, CPA, is a consultant. Formerly he served as a senior technical manager at the AICPA and a manager at Price Waterhouse LLP (now PricewaterhouseCoopers LLP).

E. Raymond Simpson, CPA, is a project manager at the FASB. He served as project manager for SFAS No. 109, "Accounting for Income Taxes," and SFAS No. 52, "Foreign Currency Translation."

Gary L. Smith, CPA, is an Ernst & Young senior manager in the National Accounting Standards Professional Practice group with over 13 years of experience serving clients in a wide variety of industries and development stages. He is responsible for assisting the firm's clients in understanding and implementing today's complex accounting requirements. His particular fields of expertise are in the areas of inventories, income taxes, consolidations, financial instruments, pensions, and commitments and contingencies. Prior to joining national, he spent 10 years working in the Washington, DC area serving multinational, middle market, and entrepreneurial clients in the technology, communications, manufacturing, distribution, professional services, and real estate industries.

Ashwinpaul C. Sondi, PhD, is president of A. C. Sondi & Associates, LLC, a financial consulting firm and a member of the Accounting Standards Executive Committee (AcSEC) of the AICPA. He is a coauthor with G. I. White and Dov Fried of *The Analysis and Use of Financial Statements, Third Edition*, 2001. His consulting and research activities include the analysis of financial statements, use of accounting data in capital markets, analysis of the financial industry, and international accounting differences.

Joel O. Steinberg, CPA, is partner at Goldstein Golub Kessler LLP in New York City, where he specializes in accounting and auditing standards. He is a member of the New York State Society of CPA's Financial Accounting Standards Committee. He has authored several articles, and he provides continuing professional education in accounting and auditing.

Reva Steinberg, CPA, is a director in the National SEC Department in BDO Seidman LLP's Chicago office. She has over 30 years of professional accounting experience and has served clients in both the public and private sectors. She works extensively with clients and engagement teams to prepare SEC filings and resolve related accounting and reporting issues.

Reed K. Storey, PhD, CPA, had more than 30 years of experience on the framework of financial accounting concepts, standards, and principles, working with both the Accounting Principles Board, as director of Accounting Research of the AICPA, and the FASB, as senior technical adviser. He was also a member of the accounting faculties of the University of California, Berkeley, the University of Washington, Seattle, and Bernard M. Baruch College, CUNY, and a consultant in the executive offices of Coopers & Lybrand (now PricewaterhouseCoopers LLP) and Haskins & Sells (now Deloitte & Touche, LLP).

Dale K. Thompson, CPA, is a senior manager in the Asset Management Services Group at Ernst & Young. He is responsible for accounting, regulatory, and business analysis of current developments effecting mutual fund, alternative products, and investment advisory organizations. He is a frequent speaker on regulatory matters at industry and firm-sponsored events. He is a member of the AICPAs and the Massachusetts Society of CPAs.

Judith Weiss, CPA, received her MS in Accounting from Long Island University, Greenvale, New York, and holds an MS in Education from Queens College, CUNY. After several years in public accounting and private industry, she became a technical manager in the AICPA's Accounting Standards Division, where she worked with industry committees in the development

of Audit and Accounting Guides and Statements of Position. As a senior manager in the national offices of Deloitte & Touche LLP and Grant Thornton LLP, she was involved in projects related to standard setting by the FASB and the AICPA. Since 1993 Ms. Weiss has contributed to several books in the area of accounting and auditing. She has coauthored articles on accounting standards for several publications, including the *Journal of Accountancy*, *The CPA Journal*, and *The Journal of Real Estate Accounting and Taxation*.

Gerald I. White, CFA, is the president of Grace & White, Inc., an investment counsel firm located in New York City. During the past 30 years he has engaged in numerous professional activities relating to the use of accounting information in making investment decisions. He is coauthor of *The Analysis and Use of Financial Statements, Third Edition* (John Wiley & Sons, 2003).

Jan R. Williams, PhD, CPA, is the Ernst & Young Professor and Dean, College of Business Administration, at the University of Tennessee. He is past president of the American Accounting Association and a frequent contributor to academic and professional literature on financial reporting and accounting education. Most recently he has been involved in the redesign of the CPA examination and is a frequent speaker on this and other topics of professional significance.

Alan J. Winters, PhD, CPA, is director of the School of Accountancy and Legal Studies at Clemson University. Previously the director of auditing research at the AICPA, he has written many articles for professional and academic journals and an auditing textbook. He is a former member of the AICPA's Accounting and Review Services Committee.

Margaret M. Worthington, CPA, is a government contracts consultant. Prior to her retirement from PricewaterhouseCoopers LLP, she was a partner in the firm's Government Contract Consulting Services practice. She has over 35 years of experience in federal contracting matters. She is coauthor of *Contracting with the Federal Government, Fourth Edition* (John Wiley & Sons, 1998) and has published numerous articles on a variety of federal contracting topics. She earned her BS at UCLA.

Gerard L. Yarnall, CPA, is a partner in the New York Office Dispute Consulting and Forensic Investigations Practice of Deloitte & Touche LLP. Mr. Yarnall was previously Director of Audit and Accounting Publications at the AICPA. He has published and spoken frequently on a wide variety of accounting and auditing topics.

PREFACE

The tenth edition of *Accountants' Handbook* has the same goal as the first edition, written over 79 years ago: to provide in a single reference source answers to all reasonable questions on accounting and financial reporting that might be asked by accountants, auditors, executives, bankers, lawyers, financial analysts, and other preparers and users of accounting information.

The *Accountants' Handbook* is accounting's oldest handbook and has the longest tradition of providing comprehensive coverage of the field to both accounting professionals and professionals in other fields who need or desire to obtain quick, understandable, and thorough exposure to complex accounting-related subjects.

This edition of the *Handbook* continues the presentation initiated in the ninth edition of two soft-cover volumes; the current edition contains a total of 44 chapters. To provide a resource with the encyclopedic coverage that has been the hallmark of this *Handbook* series, this edition again focuses on financial accounting and related topics, including auditing standards and audit reports, that are the common ground of interest for accounting and business professionals.

This edition was prepared during the unfolding of the Enron and WorldCom collapses, the largest bankruptcies in U.S. history, accompanied by severe financial reporting breakdowns. The collapse and the breakdown at Enron destroyed Arthur Andersen & Co., one of the five largest international CPA firms. WorldCom's breakdown was called "the most sweeping book-keeping deception in history."¹ Those financial reporting breakdowns were accompanied by other reported large-scale breakdowns, for example, at Adelphi, Cedant Corporation, Global Crossing, Qwest Communications, Rite Aid, Waste Management, The Baptist Foundation, Vivendi Universal (a French company), and Xerox.

Though the breakdowns led to the Sarbanes-Oxley Act of 2002, described in Chapter 2, at this writing, only a hint of the eventual effects of those events on financial accounting and reporting is available. Nevertheless, this edition contains a chapter on the lesson of those events for accountants. In addition, earnings management became a topic of regulatory interest since the ninth edition was published. A chapter on this form of abuse has also been added. Further, a chapter on price change reporting, a topic formerly covered by the *Handbook*, has been added in connection with the problem of earnings management, plus a chapter on producers or distributors of film.

The explosion in the scope and complexity of accounting principles and practice that dominated the preparation of the eighth and ninth editions has not abated. Though the FASB continues to be the primary source of authoritative accounting guidance, other sources of guidance are prominent. Pronouncements by the AICPA, SEC, GASB, and EITF are considerably important in particular areas. It is necessary to look to the EITF and to the AICPA SOPs and guides for guidance in specialized areas. All of those sources of accounting guidance are included in this edition of the *Handbook*.

The tenth edition of the *Handbook* is divided into two convenient volumes:

¹ Daniel Kadlec, "Worldcom: The Fall of a Telecom Titan," *Time*, July 8, 2002, p. 21.

Volume One: *Financial Accounting and General Topics* includes:

- A comprehensive review of the framework of accounting guidance today and the organizations involved in its development, including the development of international standards.
- Material on the Enron collapse, earnings management, and price change reporting.
- A compendium of specific guidance on general aspects of financial statement presentation, disclosure, and analysis.
- Encyclopedic coverage of each specific financial statement area from cash through shareholders' equity, including coverage of financial instruments.

Volume Two: *Special Industries and Special Topics* includes:

- Comprehensive single-source coverage of the specialized environmental and accounting considerations for key industries, including, for the first time, a chapter on the film industry.
- Thorough coverage of accounting standards applying to pension plans, retirement plans, and employee stock compensation and other capital accumulation plans.
- Diverse topics including reporting by partnerships, estates, and trusts and valuation, bankruptcy, and forensic accounting.

For convenience, the pronoun “he” is used in this book to refer nonspecifically to the accountant and the person in business. We are aware that many women are also active in accounting practice and business. We intend the traditional choice of pronoun to include women.

The specialized expertise of the individual authors remains the critical element of this edition as it was in all prior editions. The editors worked closely with the authors, reviewing and critically editing their manuscripts. However, in the final analysis, each chapter is the work and viewpoint of the individual author or authors.

Some of the chapters in this edition have been prepared by university professors. However, over two-thirds of the chapters have been prepared by partners in accounting firms, financial executives, or financial analysts. Every major international accounting firm is represented among the authors. These professionals bring to bear their own and their firms' experiences in dealing with accounting practice problems. All of the 67 authors are recognized authorities in their fields and have made significant contributions to the tenth edition of the *Handbook*.

Our greatest debt is to these 67 authors of the 44 chapters of this edition. We deeply appreciate the value and importance of their time and effort. We also acknowledge our debt to the editors of and contributors to nine earlier editions of the *Handbook*. This edition draws heavily on the accumulated knowledge of those earlier editions. Finally, we wish to thank Judy Howarth and Sujin Hong at John Wiley & Sons, Inc., for handling the many details of organizing and coordinating this effort.

D. R. CARMICHAEL
P. H. ROSENFELD

CONTENTS

VOLUME ONE: FINANCIAL ACCOUNTING AND GENERAL TOPICS

- 1 The Framework of Financial Accounting Concepts and Standards**
REED K. STOREY, PhD, CPA
Financial Accounting Standards Board
- 2 Financial Accounting Regulations and Organizations**
JOSEPH V. CARCELLO, PhD, CPA, CIA, CMA
University of Tennessee
- 3 SEC Reporting Requirements**
DEBRA J. MACLAUGHLIN, CPA
BDO Seidman LLP
WENDY HAMBLETON, CPA
BDO Seidman LLP
- 4 Earnings Management**
PAUL ROSENFELD, CPA
- 5 Forgetting Our Duties to the Users of Financial Reports: The Lesson of Enron**
PAUL ROSENFELD, CPA
- 6 Management Discussion and Analysis**
STEPHEN BRYAN, MBA, PhD
The Stan Ross Department of Accountancy
Zicklin School of Business
Bernard M. Baruch College, CUNY
- 7 Global Accounting and Auditing**
RICHARD C. JONES, PhD, CPA
Hofstra University
- 8 Financial Statements: Form and Content**
JAN R. WILLIAMS, PhD, CPA
College of Business Administration
University of Tennessee
- 9 Income Statement Presentation and Earnings per Share**
JUAN AGUERREBERE, JR., CPA
Perez-Abreu, Aguerrebere, Sueiro LLC

- 10 Accounting for Business Combinations**
PAUL PACTER, PhD, CPA
Director
IAS Global Office
Deloitte Touche Tohmatsu
- 11 Consolidation, Translation, and the Equity Method**
STEVEN RUBIN, CPA
Deloitte & Touche LLP
- 12 Statement of Cash Flows**
JUDITH WEISS, CPA
- 13 Interim Financial Statements**
ANTHONY J. MOTTOLA, CPA
Mottola & Associates, Inc.
- 14 Analyzing Financial Statements**
GERALD I. WHITE, CFA
Grace & White, Inc.
ASHWINPAUL C. SONDHI, PhD
A. C. Sondhi and Associates, LLC
- 15 Price-Change Reporting**
PAUL ROSENFELD, CPA
- 16 Cash and Investments**
LUIS E. CABRERA, CPA
American Institute of Certified Public Accountants
- 17 Revenues and Receivables**
ALAN S. GLAZER, PhD, CPA
Franklin & Marshall College
HENRY R. JAENICKE, PhD, CPA
Drexel University
- 18 Inventory**
RICHARD R. JONES, CPA
Ernst & Young LLP
GARY L. SMITH, CPA
Ernst & Young LLP
- 19 Property, Plant, Equipment, and Depreciation**
RICHARD H. MOSELEY, CPA
American Express Tax and Business Services, Inc.
- 20 Goodwill and Other Intangible Assets**
LAILANI MOODY, CPA, MBA
Grant Thornton LLP
- 21 Leases**
JAMES R. ADLER, CPA, CFE, PhD
Adler Consulting, Ltd.

- 22 Accounting for Income Taxes**
 E. RAYMOND SIMPSON, CPA
 Financial Accounting Standards Board
- 23 Liabilities**
 FREDERICK GILL, CPA
 Senior Technical Manager
 Accounting Standards Team
 American Institute of Certified Public Accountants
- 24 Derivatives and Hedge Accounting**
 ROBERT L. ROYALL II, CPA, CFA, MBA
 Ernst & Young LLP
 FRANCINE MELLORS, CPA
 Ernst & Young LLP
- 25 Shareholders' Equity**
 MARTIN BENIS, PhD, CPA
 The Stan Ross Department of Accountancy
 Zicklin School of Business
 Bernard M. Baruch College, CUNY
- 26 Auditing Standards and Audit Reports**
 DAN M. GUY, PhD, CPA
 Clemson University
 ALAN J. WINTERS, PhD, CPA
 Clemson University

VOLUME TWO: SPECIAL INDUSTRIES AND SPECIAL TOPICS

- 27 Oil, Gas, and Other Natural Resources**
 RICHARD P. GRAFF, CPA
 The Graff Consulting Group
 JOSEPH B. FEITEN, CPA
- 28 Real Estate and Construction**
 CLIFFORD H. SCHWARTZ, CPA
 PricewaterhouseCoopers LLP
 SUZANNE McELYEA, CPA
 PricewaterhouseCoopers LLP
- 29 Financial Institutions**
 LAURA J. PHILLIPS, CPA
 Ernst & Young LLP
 MARK R. ROUCHARD, CPA
 Ernst & Young LLP
 DALE K. THOMPSON, CPA
 Ernst & Young LLP
 ALAN M. KALL, CPA
 Ernst & Young LLP
 KEITH M. HOUSUM, CPA
 Ernst & Young LLP

- 30 Producers or Distributors of Films**
PAUL ROSENFELD, CPA
- 31 Regulated Utilities**
BENJAMIN A. MCKNIGHT III, CPA
Arthur Andersen LLP, Retired
- 32 State and Local Government Accounting**
ANDREW J. BLOSSOM, CPA
KPMG Peat Marwick LLP
ANDREW GOTTSCHALK, CPA
KPMG Peat Marwick LLP
JOHN R. MILLER, CPA, CGFM
KPMG Peat Marwick LLP
WARREN RUPPEL, CPA
DiTomasso & Ruppel, CPAs
- 33 Not-for-Profit Organizations**
RONALD F. RIES, CPA
American Express Tax and Business Services, Inc.
IAN J. BENJAMIN, CPA
American Express Tax and Business Services, Inc.
- 34 Providers of Health Care Services**
MARTHA GARNER, CPA
PricewaterhouseCoopers LLP
- 35 Accounting for Government Contracts**
MARGARET M. WORTHINGTON, CPA
- 36 Pension Plans and Other Postretirement and Postemployment Benefits**
VINCENT AMOROSO, FSA
Deloitte & Touche LLP
JASON FLYNN, FSA
Deloitte & Touche LLP
ERIC KLIS, FSA
Deloitte & Touche LLP
- 37 Stock-Based Compensation**
PETER T. CHINGOS, CPA
Mercer Human Resources Consulting
WALTON T. CONN, JR., CPA
KPMG Peat Marwick LLP
JOHN R. DEMING, CPA
KPMG Peat Marwick LLP
- 38 Prospective Financial Statements**
DON M. PALLAIS, CPA
- 39 Personal Financial Statements**
DENNIS S. NEIER, CPA
Goldstein Golub Kessler LLP
JOEL O. STEINBERG, CPA
Goldstein Golub Kessler LLP

- 40 Partnerships and Joint Ventures**
GERARD L. YARNALL, CPA
Deloitte & Touche, LLP
RONALD J. PATTEN, PhD, CPA
DePaul University
- 41 Estates and Trusts**
PHILIP M. HERR, JD, CPA
Kingsbridge Financial Group, Inc.
- 42 Valuation of Nonpublic Companies**
ALLYN A. JOYCE
Allyn A. Joyce & Co., Inc.
JACOB P. ROOSMA, CPA
Williamette Management Associates
- 43 Bankruptcy**
GRANT W. NEWTON, PhD, CPA, CIRA
Pepperdine University
- 44 Forensic Accounting and Litigation Consulting Services**
DENNIS S. NEIER, CPA
American Express Tax and Business Services, Inc.
MARGARET R. KOLB, CPA
American Express Tax and Business Services, Inc.

Index

IMPORTANT NOTE:

Because of the rapidly changing nature of information in this field, this product may be updated with annual supplements or with future editions. **Please call 1-877-762-2974 or email us at subscriber@wiley.com to receive any current update at no additional charge.** We will send on approval any future supplements or new editions when they become available. If you purchased this product directly from John Wiley & Sons, Inc., we have already recorded your subscription for this update service.

TENTH EDITION

ACCOUNTANTS' HANDBOOK

VOLUME TWO:
SPECIAL INDUSTRIES
AND SPECIAL TOPICS

INDEX

- Above cost inventory valuation, 18.5(d)
- Accepted principles of accounting, 1.2(a)(i)
- Accountants, independent, *see also* Auditors, independent; Certified public accountant accounting services
 - nonpublic companies, 26.1(c)(i)
 - public companies, 26.1(c)(ii)
- auditing services, 26.1(b)
- compilation and review services, 26.5
- consulting services, 26.1(d)(ii)
- forensic accounting/litigation, 44.3, 44.4, 44.7(a)
- interim financial reporting, 13.5, 26.4(d)
- qualifications to practice before SEC, 3.1(g)
- regulations, 2.1(d)
- reporting change in, 3.6(b)(iv)
- services classifications, 26.1(a)
- special services, 26.1(d)(iii)
- tax services, 26.1(d)(i)
- Accountants' International Study Group (AISG), 7.2(a)
- Accounting estimate, changes in, 9.5(c)
- Accounting policies, disclosure, 8.8(a)(i)
- Accounting Principles Board (APB), 1.1(a), 1.2(c), 2.3(a)(i)
- end of, 1.1(a), 1.2(c)(iii)
- investment credit and Seidman Committee, 1.2(c)(ii)
- Opinions
 - No. 2 *Accounting for the "Investment Credit,"* 1.2(c)(ii)
 - No. 4 *Amending No. 2,* 1.2(c)(ii)
 - No. 9 *Reporting the Results of Operations,* 1.2(b)(ii)
 - No. 16 *Business Combinations,* 1.2(c)(iii)
 - No. 17 *Intangible Assets,* 1.2(c)(iii)
 - No. 25, *see under* Stock-based compensation
- postulates and principles, 1.2(c)(i)
- Statement No. 4 *Basic Concepts and Accounting Principles,* 1.2(c)(i)–1.2(c)(iii), 1.2(d)(i), 1.3(a)(i)–1.3(a)(iii)
- Accounting Research Bulletins (ARBs), 1.1(a)
- Conceptual Framework and, 1.2(b)(ii)
- No. 7 *Report of the Committee on Terminology,* 1.2(a)(ii)
- No. 23 *Accounting for Income Taxes,* 1.2(b)(ii)
- No. 32 *Income and Earned Surplus,* 1.2(b)(ii)
- No. 33 *Depreciation and High Costs,* 1.2(b)(ii)
- No. 35 *Presentation of Income and Earned Surplus,* 1.2(b)(ii)
- No. 41 *Presentation of Income and Earned Surplus* (Supplement), 1.2(b)(ii)
- No. 43 *Restatement and Revision of Accounting Research Bulletins,* 1.2(a)(i), 1.2(b)(ii)
- No. 44 *Declining-balance Depreciation,* 1.2(b)(ii)
- Accounting Research Study (ARS)
 - No. 1 *Basic Postulates of Accounting,* 1.2(c)(i)
 - No. 3 *Tentative Set of Broad Accounting Principles for Business Enterprises,* 1.2(c)(i)
 - No. 5 *Critical Study of Accounting for Business Combinations,* 1.2(c)(iii)
 - No. 7 *Inventory of Generally Accepted Accounting Principles,* 1.2(c)(i)
 - No. 10 *Accounting for Goodwill,* 1.2(c)(iii)
- Accounting Series Release (ASR)
 - No. 4 *Administrative Policy on Financial Statements,* 1.2(a)(ii), 2.2(a)(i)
- Accounting Standards Board (ASB), 2.4(a)(ii)
- Accounting Standards Executive Committee (AcSEC), 2.4(a)(ii)

- Accounting Terminology Bulletins (ATBs), 1.1(a)
 - No. 1 *Review and Résumé*, 1.2(a)(ii), 1.2(b)(ii)
- Accretion, revenue recognition, 17.1(d)(ii)
- Accrual accounting:
 - FASB concept statement, 1.3(b)(iii)
 - financial statements, 8.2(b)(v)
 - not-for-profits, 33.2(b)
- Acquisitions, *see* Business combinations
- Activity ratios, 14.4(b)(ii), 14.9
- Administrative Law Judges, SEC Office of, 3.1(b)
- Advertising, 20.5(o)
- Affordable housing projects, tax benefits, 28.8(d)
- Agriculture, revenue recognition, 17.1(d)(ii)
- AICPA, *see* American Institute of Certified Public Accountants
- Airlines, 20.6(a)
- “All-inclusive income” versus “Avoiding distortion of periodic income,” 1.2(b)(ii)
- Allocation, 4.2
- American Accounting Association (AAA), 2.1(e)(iii), 2.4(e)
 - Conceptual Framework and, 1.2(b)(ii)
 - theoretical basis for rules and procedures, 1.2(b)(i)
- American Institute of Certified Public Accountants (AICPA), 2.1(d)(iii), 2.1(e)(iii), 2.4(a)
 - APB and investment credit, 1.2(c)(ii)
 - Committee on Accounting Procedure, 1.2(b)
 - disclosure recommendations, 8.8(a)(vii)
 - ethics, 2.4(a)(iii)
 - examinations, 2.4(a)(iii)
 - health care audit guide, 34.2(e)
 - litigation consulting, 44.4
 - MD&A, 6.3, 6.4
 - name changed to, 1.2(c)
 - Special Committee on Co-operation with Stock Exchanges, 1.2(a)
 - Statement of Position (SOP) 94-6, 6.4
 - Statement on Standards for Attestation Engagements, 6.3
 - structure, 2.4(a)(i)
 - technical standards, 2.4(a)(ii)
- American Stock Exchange, 2.2(a)(i)
- Amortization:
 - film costs, 30.3(b)
 - intangible assets, 20.4(b), 20.4(c)
 - copyrights, 20.5(a)(ii)
 - customer/supplier lists, 20.5(b)(ii)
 - franchises, 20.5(c)(i)
 - lease/leasehold rights, 20.5(d)(ii)
 - patents, 20.5(f)(ii)
 - trademarks/trade names, 20.5(n)(ii)
 - pension plans, 36.2(d)(iv)–36.2(d)(vi)
 - real estate receivables, 28.2(e)(ii)
- Analysis of financial statements, *see* Financial statement analysis
- Ancillary revenue, 17.6
- Annual report to stockholders, 3.4(q)
 - Form 10-K (SEC), 3.4(q)
 - content, 3.4(q)(ii)
 - financial statements included in, 3.4(q)(i)
 - reporting on management and audit committee responsibilities, 3.4(q)(iii)
 - summary annual reports, 3.4(q)(iv)
- Annuities, *see* Pension plans, sponsor accounting
- Antidilution, earnings per share, 9.10(a)(iv), 9.10(c)(i)
- Antitrust litigation, 44.6(a)(iv)
- Appreciation, revenue recognition, 17.1(d)(ii)
- ARB, *see* Accounting Research Bulletins (ARBs)
- Articulation, 1.3(b)(iii)
- Asbestos removal/containment, 19.4(f)
- Asset protection ratios, finance company debt analysis, 14.8(b)
- Assets, *see also* Depreciation
 - analysis of long-term, 14.4(c)
 - balance sheet, 8.3(a)
 - business combinations
 - :to be sold, 10.3(g)(viii)
 - identifying acquired, 10.3(f)
 - FASB defines, 1.2(d), 1.3(b)(iii)
 - as fundamental elements of financial statements, 1.3(a)(iii)
 - health care industry, 33.4(a), 33.4(b)
 - inventory as, 18.2(a)
 - loan transfers, 16.4(c)(iii)
 - noncurrent, on balance sheet, 8.3(a)(ii)
 - personal financial statements, 39.3
 - profits on sale of miscellaneous, 17.6(c)
 - reporting acquisition/disposition, 3.6(b)(ii)
 - retirement obligations, 19.6, 36.5(c), 36.5(d)
 - revenue recognition, 17.3(f)
 - securitization transactions, 23.10(b)
 - state/local government reporting, 32.4(p), 32.6(i), 32.6(c), 32.7(b)
- “Assets are costs,” 1.2(b)(ii), 1.2(d)(ii)

- ATB, *see* Accounting Terminology Bulletins (ATBs)
- Attributes, 1.3(b)(iv)
- Audit committee:
 - Sarbanes-Oxley Act, 3.1(e)(ii)
 - SEC, 3.1(j)
- Auditors, independent, *see also* Accountants, independent; Audit process
 - interim financial statements, 13.5
 - accounting changes, 13.5(a)
 - review objectives/procedures, 13.5(c)
 - reviews of, 13.5(b)
 - Sarbanes-Oxley Act, 2.2(b)(ii), 3.1(e)(iii)
- Audit process, 26.2, *see also* Audit reports; Auditors, independent
 - communication required, 26.2(f)
 - objective, 26.2(a)
 - plan execution, 26.2(d)
 - accounting estimates, 26.2(d)(ii)
 - analytical procedures, 26.2(d)(i)
 - inquiry of client's lawyer, 26.2(d)(viii)
 - inventory observation, 26.2(d)(vi)
 - management representations, 26.2(d)(vii)
 - other required procedures, 26.2(d)(iii)
 - predecessor auditors, communication with, 26.2(d)(iv)
 - receivables confirmation, 26.2(d)(v)
 - planning, 26.2(b)
 - assertions, nature of, 26.2(b)(iv)
 - audit programs, 26.2(b)(ii)
 - engagement letter, 26.2(b)(i)
 - entity's business/industry, matters relating to, 26.2(b)(iii)
 - internal control, auditor's responsibility, 26.2(b)(v)
 - risk and materiality, audit, 26.2(b)(iv)
- planning, conditions affecting, 26.2(c)
 - fraud, 26.2(c)(i)
 - going concern, 26.2(c)(iv)
 - illegal acts, 26.2(c)(iii)
 - related party transactions, 26.2(c)(ii)
- review of audit work, 26.2(e)
- Audit reports, 26.3, 26.4, 26.5
 - application of accounting principles, 26.4(g)
 - compilation and review services
 - GAAP departures, 26.5(c)
 - standard compilation report, 26.5(a)
 - standard review report, 26.5(b)
 - compliance reports, laws/regulations, 26.4(h)
 - departure from standard, 26.3(d)
 - modification of wording, 26.3(d)(iii)
 - modification of wording and opinion, 26.3(d)(ii)
 - types of audit opinions, 26.3(d)(i)
- financial statements, comparative, 26.3(e)
 - continuing auditor, 26.3(e)(i)
 - predecessor auditor, 26.3(e)(ii)
 - prior period unaudited, 26.3(e)(iii)
- financial statements, prospective, 26.4(e)
 - forecasts/projections, 26.4(e)(i)
 - levels of service, 26.4(e)(ii)
- financial statements for foreign use, 26.4(f)
- interim financial information review, 26.4(d)
- internal control (entity's) over financial reporting, 26.4(b)
- "other information," 26.4(c)
 - auditor-submitted documents, 26.4(c)(ii)
 - client-prepared documents, 26.4(c)(i)
 - supplementary information required by FASB/GASB, 26.4(c)(iii)
- special reports, 26.4(a)
 - applying agreed upon procedures, 26.4(a)(iii)
 - compliance reports related to audited financial statements, 26.4(a)(iv)
 - financial presentations to comply with contractual agreements/regulatory provisions, 26.4(a)(v)
 - opinions on specified elements/accounts/terms of financial statement, 26.4(a)(ii)
 - other comprehensive bases of accounting, 26.4(a)(i)
 - prescribed forms, 26.4(a)(vi)
- standard report, 26.3(a), 26.3(b), 26.3(c)
 - addressee, 26.3(c)(ii)
 - date, 26.3(c)(vii)
 - departures from, 26.3(d)
 - format, 26.3(a)
 - introductory paragraph, 26.3(c)(iii)
 - opinion paragraph, 26.3(c)(v)
 - scope paragraph, 26.3(c)(iv)
 - signature, 26.3(c)(vi)
 - title, 26.3(c)(i)
- "Avoiding distortion of periodic income"
 - versus "All-inclusive income," 1.2(b)(ii), 1.3(a)(iii)
- Balance sheet, 8.3. *See also* Balance sheet analysis
 - assets, 8.3(a)
 - bankruptcy, 43.5(f)(i)
 - banks and savings institutions, 29.2(l)(ii)

Balance sheet, 8.3 (*Continued*)

- cash flow statement correspondence, 12.1(e)(iii)
- cash treatment, 16.2(a), 16.2(g)(ii)
- consolidated, at date of business combination, 11.4
- purchase method, 80% stock for stock acquisition, 11.4(b)
- purchase method, 90% stock acquisition, 11.4(a)
- health care industry, 34.5(c)
- health/welfare organizations, voluntary, 33.3(a)(i), 33.3(a)(ii)
- intangible assets, 20.2(a)
- liabilities, 23.3(n)(i)
- partnerships/joint ventures, 40.1(f)
- real estate, 28.9(a)(i)
- shareholders' equity, 8.3(c), 25.2(g)

Balance sheet analysis, 14.4

elements of balance sheet, 14.4(a)

liquidity analysis, 14.4(b)

- activity ratios, 14.4(b)(ii)
- analytical ratios, 14.4(b)(i)

long term assets/liabilities analysis, 14.4(c)

2capitalization analysis, 14.4(c)(ii)

capitalization table, 14.4(c)(iii)

debt ratios, 14.4(c)(iv)

fixed asset turnover ratio, 14.4(c)(i)

off-balance-sheet financing techniques, 14.4(c)(vii)

off-balance-sheet obligations, 14.4(c)(vi)

preferred stock ratios, 14.4(c)(v)

property analysis, 14.4(c)(viii)

Bankruptcy, 43.1, 43.2, 43.7, 43.8. *See also*

Bankruptcy, Chapter 11

accountant's role/services

- adequate protection/automatic stay, 43.3(d)(ii)
- executory contracts/leases, 43.3(e)(ii)
- fraudulent transfers, 43.3(h)(ii)
- in general, 43.2(d)
- petition data, 43.3(c)
- postpetition transfers, 43.3(i)(ii)
- preferences, 43.3(g)(ii)
- setoffs, 43.3(j)(ii)

alternatives to, 43.2

- assignment for benefit of creditors, 43.2(b)

- bankruptcy court proceedings, 43.2(c)
- out-of-court settlements, 43.2(a)

Chapter 12, adjustment of debt of family

- farmer with regular annual income, 43.2(c)(iii)

Chapter 7, liquidation, 43.2(c)(ii)

fraud in, 44.6(a)(vii)

general code provisions, 43.3

- accounting services, 43.3(c)
- adequate protection and automatic stay, 43.3(d)
- avoiding power, 43.3(f)
- executory contracts/leases, 43.3(e)
- filing of petition, 43.3(a)
- fraudulent transfers, 43.3(h)
- postpetition transfers, 43.3(i)
- preferences, 43.3(g)
- reclamation, 43.3(k)
- setoffs, 43.3(j)
- timing of petition (tax considerations), 43.3(b)

U.S. trustee, 43.3(l)

goodwill and emergence from, 20.7(b)(ix)

overview, 43.1

reporting requirements, 3.6(b)(iii),

43.6(h)(iv), 43.7

disclosure, 43.7(b)

financial projections, 43.7(e)

investigative services, 43.7(d)

litigation services, 43.7(a)

operating reports, 43.7(c)

Bankruptcy, Chapter 11, 43.4, 43.5, 43.6

handling claims under, 43.4

- administrative expenses, 43.4(c)
- priorities, 43.4(d)
- processing of claims, 43.4(e)
- proof of claims, 43.4(a)
- unsecured claims, 43.4(b)

operating under, 43.5

- examiner appointment, 43.5(d)
- obtaining credit, 43.5(b)
- operating statements, 43.5(e)
- property use, 43.5(a)
- reporting, 43.5(f)
- trustee appointment, 43.5(c)

plan, 43.6

- accounting for impairment of long-lived assets, 43.6(i)

accounting for reorganization, 43.6(h)

- accounting services to creditors, 43.6(g)

accounting services to debtor, 43.6(f)

classification of claims, 43.6(a)

confirmation, 43.6(d), 43.6(e)

development, 43.6(b)

disclosure statement, 43.6(c)

prepackaged plans, 43.2(c)(iv)

- Banks and savings institutions, 29.1(c)(i), 29.2. *See also* Mortgage banking activities
- accounting guidance, 29.2(m)
- capital adequacy guidelines, 29.2(f)
- corrective action, 29.2(g)
- credit losses, 29.2(p)
 - accounting guidance, 29.2(p)(i)
 - allowance methodologies, 29.2(p)(iii)
 - regulatory guidance, 29.2(p)(ii)
- debt, 29.2(v)
- deposits, 29.2(t)
- disclosure of capital matters, 29.2(j)
- electronic banking/technology risks, 29.2(z)
- enforcement actions, 29.2(i)
- FDICIA Section 112, 29.2(e)
 - availability of reports, 29.2(e)(iv)
 - basic requirements, 29.2(e)(ii)
 - holding company exception, 29.2(e)(iii)
 - regulation/guidelines, 29.2(e)(i)
- federal funds and repurchase agreements, 29.2(u)
- fiduciary services/fee income, 29.2(y)
- financial statement presentation, 29.2(l)
 - balance sheet, 29.2(l)(ii)
 - cash flow statement, 29.2(l)(iii)
 - commitments/off-balance-sheet risk, 29.2(l)(iv)
 - disclosure of certain significant risks, 29.2(l)(v)
 - income statement, 29.2(l)(i)
- futures/forwards/options/swaps, 29.2(x)
- GAAP and Regulatory Accounting Practices (RAP), 29.2(n)
- intangible assets
 - mortgage, 20.6(c)
 - thrifts, 20.6(b)
- loan sales and mortgage banking activities, 29.2(q)
- loans and commitments, 29.2(o)
 - accounting for, 29.2(o)(ii)
 - types of, 29.2(o)(i)
- overdrafts, 16.2(d)
- real estate investments/real estate
 - owned/other foreclosed assets, 29.2(r)
 - foreclosed assets, 29.2(r)(iii)
 - former bank premises, 29.2(r)(ii)
 - real estate investments/real estate
 - owned/other foreclosed assets, 29.2(r)(i)
- regulatory environment/background, 29.2(b), 29.2(c), 29.2(d)
- Federal Deposit Insurance Corporation (FDIC), 29.2(c), 29.2(c)(iii)
- Federal Reserve System (FRS), 29.2(c), 29.2(c)(ii)
- Office of the Comptroller of the Currency (OCC), 29.2(c), 29.2(c)(i)
- Office of Thrift Supervision (OTS), 29.2(c), 29.2(c)(iv)
- regulatory examinations, 29.2(h)
- rating systems, 29.2(h)(ii)
- risk-focused, 29.2(h)(iii)
- scope, 29.2(h)(i)
- revenue recognition, 17.4(b)(i)
- risks, primary, 29.2(a)
 - asset quality, 29.2(a)(iii)
 - fiduciary, 29.2(a)(iv)
 - interest rate, 29.2(a)(i)
 - liquidity, 29.2(a)(ii)
 - processing, 29.2(a)(v)
- securities, investment in debt/equity, 29.2(s)
 - accounting for, 29.2(s)(i)
 - borrowing and lending, 29.2(s)(iv)
 - short sales, 29.2(s)(iii)
 - wash sales, 29.2(s)(ii)
- Securities and Exchange Commission (SEC), 29.2(k)
- taxation, 29.2(w)
 - bank-owned life insurance, 29.2(w)(x)
 - FHLB dividends, 29.2(w)(ix)
 - foreclosed property, 29.2(w)(vii)
 - hedging, 29.2(w)(v)
 - leasing activities, 29.2(w)(viii)
 - loan loss reserves, 29.2(w)(i)
 - loan origination fees/costs, 29.2(w)(vi)
 - loans, nonaccrual, 29.2(w)(iv)
 - market discount, 29.2(w)(xii)
 - mark-to-market, 29.2(w)(ii)
 - original issue discount, 29.2(w)(xi)
 - tax-exempt securities, 29.2(w)(iii)
- BarChris Construction Corp. v. Escott*, 3.2(b), 3.2(c)
- Barter transactions, revenue recognition, 17.4(a)(vii)
- Bequests, *see* Not-for-profit accounting, contributions
- Bonds, 23.4, 23.5, 23.6
 - balance sheet, discount and premium on, 23.4(g)
 - classified, 23.4(b)
 - convertible, 23.4(b)(i)
 - serial and sinking funds, 23.4(b)(ii)
 - definition, 23.4(a)

Bonds (*Continued*)

- interest payments
 - accrual of interest, 23.5(a)
 - on Treasury bonds, 23.5(b)(i)
 - trustee-held bonds, 23.5(b)(ii)
- issued at different rates, 23.5(e)
- issuing authority, 23.4(c)
- issuing procedure, 23.4(d)
- issuing recording, 23.4(e)
 - cost allocation, in business combination, 23.4(e)(iv)
 - cost segregation, 23.4(e)(iii)
 - discount/premium, 23.4(e)(ii)
 - discount/premium origin, 23.4(e)(i)
 - between interest dates, 23.4(e)(v)
- premium and discount amortization, 23.5(c), 23.5(d)
- price determination, 23.4(f)
- redemption/refunding/conversion, 23.6
 - accrued interest, convertible debt, 23.6(m)
 - bond conversion, 23.6(k)
 - classified when violation is waived, 23.6(d)
 - compositions with creditors, 23.6(e)
 - defaulted, 23.6(c)
 - induced conversion, 23.6(l)
 - before maturity, 23.6(f)
 - payment at maturity, 23.6(a)
 - payment by refunding, 23.6(i)
 - settlement after maturity, 23.6(b)
 - sinking funds, 23.6(h)
 - subscription rights/warrants sold with bonds, 23.6(n)
 - treatment/reissue of Treasury bonds, 23.6(g)
 - when to refund, 23.6(j)
- serial bonds, 23.5(f)
- Breach of contract litigation, 44.6(a)(i)
- Broadcast industry:
 - intangible assets, 20.6(d), 20.6(e)
 - revenue recognition, 17.4(b)(ii), 17.4(b)(v)
- Brokers/securities dealers, 29.1(c)(viii)
- Business combinations, 10.1–10.5, 11.1–11.7, 11.2(f). *See also* Consolidations
 - allocation of purchase price, 11.2(c)
 - background, 10.1
 - book and tax base differences, 11.2(d)
 - cash flow statement guidance, 12.2(i)
 - comparative financial statements, 11.2(f)
 - consolidated balance sheet at date of combination, 11.1(e), 11.4
 - consolidated financial statements after date of combination, 11.1(f), 11.5
 - SEC rules, 11.1(g)
 - consolidation overview, 11.1(a)
 - costs of acquisitions, 11.2(b)
 - equity method, 11.1(d), 11.6
 - foreign currency translation, 11.1(c), 11.3
 - health care industry, 34.3(u)
 - intangibles valuation, 20.2(a)
 - inventory valuation, 18.5(h)
 - leases and, 21.10(f)
 - leveraged buyout, 10.4
 - method of acquisition, 11.2(a)
 - pension plan accounting, 36.3(g)
 - physician practice management company (PPM), 34.4(c)(ii)
 - purchased goodwill, 11.2(e)
 - purchase method, 10.3, 11.2(g)
 - scope, 10.2
 - SFAS No. 109, 22.2(c)(iii)
 - summary of major pronouncements, 11.7
 - types of business combinations, 11.1(b)(i)
- Business interruption, litigation, 44.6(a)(ii)
- Business Roundtable, 2.3(a)(vi)
- By-product sales, 17.6(f)
- Cable television:
 - intangible assets, 20.6(e)
 - revenue recognition, 17.4(b)(ii)
- Capitalization:
 - analysis of, 14.4(c)(ii)
 - film costs, 30.3(a)
 - finance company debt analysis, 14.8(f)
 - table, 14.4(c)(iii)
- Capital leases, 21.4
 - accounting for, 21.4(a)
 - disclosure, 21.4(b)
 - example, 21.4(c)
- Capital maintenance, FASB concepts, 1.3(b)(iv)
- Capital projects funds, 32.4(g)(iv)
- Capital resources, MD&A
 - requirements/examples, 6.2(b)(iii), 6.2(b)(iv)
- Capital structure, disclosure, 8.8(b)(v)
- Cash, *see also* Debt securities; Equity securities; Investments; Loans
 - compensating cash balances, 16.2(g)
 - balance sheet segregation, 16.2(g)(ii)
 - note disclosure method, 16.2(g)(i)
 - definition, 16.1(b)
 - nature and importance of, 16.1(a)
 - not-for-profit basis, 33.2(b)
 - problems of accounting/control, 16.1(c)

- treatment in published financial statements, 16.2
 - balance sheet classification, 16.2(a)
 - bank overdrafts, 16.2(d)
 - compensating cash balances, 16.2(g)
 - concentration of credit risk, 16.2(i)
 - disclosure of unused lines of credit, 16.2(h)
 - fair value disclosures, 16.2(j)
 - foreign balances, 16.2(e)
 - form of presentation, 16.2(c)
 - misrepresented cash balances, 16.2(f)
 - restricted cash, 16.2(b)
- Cash dividends, 25.7(g)
- Cash flow, statement of, 12.1–12.7
 - analysis of, 14.5
 - comparing cash flows, 14.5(b)
 - direct versus indirect methods, 14.5(a)
 - background, 12.1(b)
 - bankruptcy, 43.5(f)(ii)
 - banks and savings institutions, 29.2(l)(iii)
 - classification of cash receipts and payments, 12.1(g)
- additional guidance in, 12.1(g)(v)
- components of cash flows from operating activities, 12.1(g)(iv)
- financing activities, 12.1(g)(ii)
- investing activities, 12.1(g)(i)
- operating activities, 12.1(g)(iii)
 - direct method
 - conversion from indirect, operating cash flow, 12.3(c)
 - presentation guidance, 12.2(a)
 - worksheet technique, 12.3(a)
- disclosures, 12.5
 - cash flows per share, 12.5(b)
 - summary, 12.5(a)
- FASB Concept Statements, 1.3(b)(v), 2.3(a)(v)
- financing activities, 8.6(c)
- focus on cash and cash equivalents, 12.1(e)
 - balance sheet correspondence, 12.1(e)(iii)
 - cash, 12.1(e)(i)
 - cash equivalents, 12.1(e)(ii)
 - restricted cash, 12.1(e)(iv)
- foreign currency, 12.4
 - consolidating foreign operations, 12.4(a)
 - determining exchange gain/loss modified by SFAS No. 95, 12.4(d)
 - exchange rate gains/losses, 12.4(c)
 - presentation of effects of exchange rate changes on cash balance, 12.4(b)
 - transactions, 12.4(e)
 - translation of foreign operations (case), 12.4(f)
- gross and net cash flows, 12.1(f)
- health care industry, 34.5(f)
- health/welfare organizations, voluntary, 33.3(a)(i), 33.3(a)(iv)
- indirect method
 - presentation guidance, 12.2(b)
 - surveys of adjustments, 12.2(d)
 - worksheet technique, 12.3(b)
- investing activities, 8.6(b)
- objectives, 12.1(c)
- operating activities, 8.6(a)
- presentation guidance, 12.2
 - accounting changes and prior period adjustments, 12.2(h)
 - business combinations, 12.2(i)
 - direct method, 12.2(a)
 - discontinued operations, 12.2(f)
 - extraordinary items, 12.2(g)
 - indirect method, 12.2(b)
 - noncash transactions, 12.2(e)
 - reconciliation of net cash flows from operating activities to net income, 12.2(e)
- pronouncements, 12.1(a)
- SFAS No. 95 scope, 12.1(d)
 - exemption, defined benefit plans, 12.1(d)(iii)
 - exemption, investment companies, 12.1(d)(iv)
 - financial institutions, 12.1(d)(i)
 - not-for-profit organizations, 12.1(d)(ii)
- special industries, 12.6
- worksheet techniques, 12.3
- Cash flow hedges, *see under* Derivatives and hedge accounting
- Casino-motels, income statement requirements, 9.8(c)
- Caterpillar Inc. case, 6.2(c)(i)
- Certified Internal Auditor, 2.1(d)(ii), 2.1(d)(iii)
- Certified Management Accountant (CMA), 2.1(d)(ii), 2.1(d)(iii)
- Certified Public Accountant (CPA)
 - competency standards, 2.1(d)(ii), 2.1(d)(iii), 2.1(e)(i)
 - ethics, 2.2(c)
 - examination, 2.4(a)(iii)
 - licensing, 2.2(c)
- Changes, accounting:
 - auditor's role, 13.5(a)

- Changes, accounting (*Continued*)
 - in estimates, 9.5(d)
 - income statement, 9.5
 - interim financial statements, 13.3(g)
 - materiality, 9.5(f)
 - reporting entity, 9.5(d)
- Chapter 11 bankruptcy, *see* Bankruptcy, Chapter 11
- Charity care, 34.3(h)
- Chicago, Milwaukee & St. Paul Ry. Co. v. Minnesota*, 31.2(b)
- Chief Accountant, SEC Office of, 2.2(a)(iv), 2.3(a)(iii), 3.1(b)
- Circumstances/events/transactions, 1.3(b)(iii)
- Colleges/universities, 32.5A, 33.3, 33.3(b), 33.3(b)(i), 33.3(b)(ii)
- Combinations, *see* Business combinations
- Commissions and fees, 23.3(f)(iv)
- Committee on Accounting Procedure (1938-1959), 1.1(a), 1.2(b)
- Common stock, *see* Equity securities; Shareholders' equity
- Comparability, of accounting information, 1.3(b)(ii)
- Compensating balances, disclosure, 3.4(l)
- Completeness, of accounting information, 1.3(b)(ii)
- Comprehensive income and earnings, 1.3(b)(iii), 1.3(b)(iv)
 - reporting, 9.9
 - alternative formats, 9.9(d)
 - definition/scope, 9.9(a)
 - display and classification, 9.9(c)
 - other issues, 9.9(e)
 - purpose, 9.9(b)
- Computer software, *see* Software industry
- Conceptual framework, *see under* Financial Accounting Standards Board
- Condominiums, sale of, 28.2(g)
- Conservatism, of accounting information, 1.3(b)(ii)
- Consignment inventory, 18.3(c)
- Consolidation, 11.1. *See also* Business combinations
 - balance sheet illustrations, 11.4
 - control, 11.1(a)(i)
 - current developments, 11.1(a)(vi)
 - disclosures, 11.1(a)(v)
 - financial statements, 11.5
 - intercompany amounts, 11.1(a)(iii)
 - irrelevant factors, 11.1(a)(ii)
 - major pronouncements, 11.7(a)
 - SEC rules regarding, 11.1(g)
- Construction contracts, 28.6. *See also* Real estate
 - accounting methods, 28.6(b)
 - completed contract, 28.6(b)(ii), 28.6(d)
 - consistency of application, 28.6(b)(iii)
 - percentage of completion, 28.6(b)(i), 28.6(c)
 - authoritative literature, 28.6(a)
 - contract claims, 28.6(f)
 - loss provisions, 28.6(e)
 - revenue recognition, 17.4(b)(i)
- Construction in progress:
 - cost of overhead, 19.2(b)
 - depreciation, 19.10(b)
- Consulting services, accountants, 26.1(d)(ii)
- Contingencies:
 - accounting for, 1.3(b)(v)
 - business combinations, 10.3(d)
- Contingent liabilities, 8.8(a)(v), 23.3(j)
- Contingently issuable shares, 9.10(a)(iii)
- Continuing care retirement communities, 34.4(a)
 - advance fees, nonrefundable, 34.4(a)(ii), 34.4(a)(iv)
 - advance fees, refundable, 34.4(a)(i), 34.4(a)(iii)
 - costs of acquiring initial contracts, 34.4(a)(vi)
 - obligation to provide future services, 34.4(a)(v)
- Continuing professional education (CPE), 2.2(c)
- Contracts, *see also* Construction contracts; Government (federal) accounting
 - contract production, 18.3(f)
 - litigation for breach of, 44.6(a)(i)
- Contributions:
 - health care industry, 34.3(k)
 - not-for-profits, 33.2(j)
 - expendable current support, 33.2(j)(i)
 - gifts-in-kind, 33.2(j)(ii)
 - support not currently expendable, 33.2(j)(ii)
 - transfer of asset to entity that raises or holds contributions for others, 33.2(j)(iv)
 - revenue recognition, 17.4(a)(i)
- Control by particular entity, FASB asset definition, 1.3(b)(iii)
- Convertible bonds, 23.4(b)(i), 23.5(d)
- Convertible securities, earnings per share, 9.10(c)(iii)

- Copyrights:
 - amortization, 20.5(a)(ii)
 - capitalizable amounts, 20.5(a)(i)
 - Corporation, 25.1
 - advantages of form, 25.1(b)
 - certificate of incorporation, 25.1(d)
 - defined, 25.1(a)
 - owners' interests, 25.1(c)
 - Corporation Finance, SEC Division of,
 - 2.2(a)(iii), 3.1(b), 3.1(c)
 - organization, 3.1(c)(ii)
 - responsibilities, 3.1(c)(i)
 - review procedures, 3.1(c)(iii)
 - Cost accounting/estimating, federal contracts,
 - 35.2(a), 35.2(b), 35.3
 - Cost and expense analysis, 14.2(c)
 - analytical adjustments, 14.2(c)(iii)
 - classification of costs, 14.2(c)(i)
 - fixed charges, 14.2(c)(v)
 - interim financial statement, 13.3(b), 13.3(d)
 - margin analysis, 14.2(c)(ii)
 - operating leverage, 14.2(c)(iv)
 - preferred dividend coverage, 14.2(c)(vi)
 - Cost-benefit decisions, about accounting
 - information, 1.3(b)(ii)
 - Costs, *see also* Cost valuation methods,
 - inventory; Costs,
 - property/plant/equipment
 - film industry, 30.3
 - flow of, 18.6, 18.6(a)
 - average, 18.6(d)
 - FIFO, 18.6(b)
 - LIFO, 18.6(c)
 - specific identification, 18.6(e)
 - reporting of current, 15.1(b), 15.2
 - Costs, property/plant/equipment:
 - assets held for research/development, 19.2(e)
 - determining, 19.2(a)
 - acquisition by exchange, 19.2(a)(i)
 - acquisition by issuing debt, 19.2(a)(ii)
 - acquisition by issuing stock, 19.2(a)(iii)
 - donated assets, 19.2(a)(v)
 - mixed acquisition for lump sum,
 - 19.2(a)(iv)
 - interest capitalized, 19.2(c)
 - land, 19.2(d)
 - carrying charges, 19.2(d)(iii)
 - interest, 19.2(d)(ii)
 - purchase options, 19.2(d)(i)
 - overhead on self-constructed assets, 19.2(b)
 - Cost valuation methods, inventory, 18.5(a)
 - direct labor component, 18.5(a)(iv)
 - direct material component, 18.5(a)(iii)
 - job-order costing, 18.5(a)(i)
 - overhead allocation, 18.5(a)(vi)
 - overhead component, 18.5(a)(v)
 - process costing, 18.5(a)(ii)
 - CPA, *see* Certified public accountant (CPA)
 - Credit:
 - bankruptcy, 43.5(b)
 - bank/savings institution losses, 29.2(p)
 - concentration of credit risk, 16.2(i)
 - creditors' financial statements, 14.1(b)(ii)
 - disclosure of unused lines of, 16.2(h)(ii)
 - fee paid for future availability, 16.2(h)(i)
 - Credit card receivables, 17.2(d)
 - Credit unions, 29.1(c)(iv)
 - Critical accounting estimates, 3.1(f)(iv)
 - Currency, foreign, *see* Foreign currency
 - Current assets, balance sheet, 8.3(a)(i)
 - Current liabilities, balance sheet, 8.3(b)(i)
 - Current ratio, balance sheet, 8.3(b)(iii)
 - Customer and supplier lists:
 - amortization, 20.5(b)(ii)
 - capitalization amounts, 20.5(b)(i)
 - Damage calculation, 44.4
 - Debt, *see also* Debt securities; Finance
 - company debt analysis
 - acquisition by, 19.2(a)(ii)
 - banks and savings institutions, 29.2(v)
 - disclosure of equity investments, 8.8(b)(i)
 - disclosure of long-term, 8.8(b)(iv)
 - Debt ratios, 14.4(c)(iv), 14.9
 - Debt securities, 16.5
 - accounting after acquisition, 16.5(b)
 - available-for-sale, 16.5(b)(iii)
 - held-to-maturity, 16.5(b)(i)
 - trading, 16.5(b)(ii)
 - transfers between categories, 16.5(b)(iv)
 - bank investment in, 29.2(s)
 - disclosures, 16.5(d)
 - initial recognition and measurement, 16.5(a)
 - available-for-sale, 16.5(a)(iii)
 - held-to-maturity, 16.5(a)(i)
 - trading, 16.5(a)(ii)
 - reporting comprehensive income, 16.5(c)
- Debt service funds, 32.4(g)(iii)
- Deferred compensation plans, 23.8(h)
- Deferred costs, FASB asset definition,
 - 1.3(b)(iii)
- Defined benefit plans:
 - exemption from SFAS No. 95, 12.1(d)(iii)
 - nonqualified, 36.4(d)
 - postretirement medical benefit features,
 - 36.5(k)

- Defined contribution plans:
 - nonqualified, 36.4(c)
 - pension plans, 36.2(j)
 - plan accounting, 36.5(j)
- Delivery, revenue recognition, 17.1(d), 17.1(d)(i)
 - after delivery, 17.1(d)(iii)
 - before delivery, 17.1(d)(ii)
 - multiple, 17.4(a)(ix)
- Demand deposits, 29.2(t)(i)
- Deposit accounting, 29.2(t)
- Depreciation, 19.8. *See also* Service life
 - accounting/reporting issues, 14.3(c)
 - base, 19.10
 - assets to be disposed of, 19.10(d)
 - idle/auxiliary equipment, 19.10(c)
 - net salvage value, 19.10(a)
 - property under construction, 19.10(b)
 - used assets, 19.10(e)
 - capital lease example, 21.4
 - definition, 19.8(a)
 - financial statement presentation/disclosure, 8.8(b)(iii), 19.14
 - income-producing property costs, 28.7(d)
 - methods, 19.11
 - appraisal, 19.11(e)(i)
 - arbitrary assignment, 19.11(e)(iii)
 - change in, 19.11(g)
 - decreasing-charge, 19.11(c)
 - interest, 19.11(d)
 - partial periods, 19.11(f)
 - retirement/replacement, 19.11(e)(ii)
 - straight-line, 19.11(a)
 - usage, 19.11(b)
 - not-for-profits, 33.2(g)
 - rates, 19.12
 - composite depreciation, 19.12(b)(ii)
 - effect of
 - replacements/improvements/additions, 19.12(c)
 - group depreciation, 19.12(b)(i)
 - sources of, 19.12(a)
 - tools and related assets, 19.12(d)
 - for tax purposes, 19.13
 - additional first-year depreciation, 19.13(c)
 - current requirement, 19.13(a)
 - MACRS, 19.13(b)
- Derivatives and hedge accounting, 24.1–24.6
 - cash flow hedges, 24.1(e)(ii), 24.3
 - accounting treatment, 24.3(b)
 - business implications, 24.3(d)
 - defined, 24.3(a)
 - examples, 24.3(c)(i)
 - of foreign currency, 24.3(c)
 - criteria for hedging, 24.1(e)
 - disclosure, 24.5
 - effective date/transition, 24.6
 - disclosures upon adoption, 24.6(c)
 - effective date, 24.6(a)
 - examples, 24.6(d)
 - transition requirements, 24.6(b)
 - fair value hedges, 24.1(e)(ii), 24.2
 - accounting treatment, 24.2(b)
 - defined, 24.2(a)
 - disclosure, 24.5(b)
 - examples, 24.2(d)
 - foreign currency exposure, 24.2(c)
 - foreign currency net investment hedges, 24.4
 - accounting treatment, 24.4(b)
 - examples, 24.4(c)
 - fundamental concepts, 24.1(a)
 - general requirements, 24.1(b)
 - health care industry, 34.3(m)
 - hedge effectiveness, 24.1(d)
 - scope of Statement No. 133, 24.1(b)
- Diluted earnings per share, 9.10(c)
- Direct financing leases, 21.5
 - accounting for, 21.5(a)
 - example of, 21.5(b)
 - sale or assignment of property subject to, 21.7
- Direct labor costing component, 18.5(a)(iv)
- Direct material costing component, 18.5(a)(iii)
- Directors/officers:
 - reporting change in, 3.6(b)(vi)
 - Sarbanes-Oxley Act, 3.1(e)(i)
- Disclosure:
 - broad requirements of financial statements, 8.8(a)
 - accounting policies, 8.8(a)(i)
 - contingent liabilities, 8.8(a)(v)
 - doubt concerning continued existence, 8.8(a)(iv)
 - recommendations of AICPA special committee, 8.8(a)(vii)
 - related party transactions, 8.8(a)(ii)
 - significant risks and uncertainties, 8.8(a)(vi)
 - subsequent events, 8.8(a)(iii)
 - business combinations
 - purchase accounting for, 10.3(m)
 - SEC, 10.3(n)
 - capital structure, 25.9
 - consolidation, 11.1(a)(v)

- debt securities, 16.5(d)
- derivatives, 24.5
- discontinued operations, 9.2(g)
- doubt concerning continued existence, 8.8(a)(iii)
- earnings per share, 9.12
- equity method, 11.6(d)
- equity securities, 16.6(d)
- fair value of financial instruments, 23.1(d)
- film industry, 30.4
- foreign operations, 11.3(i)
- goodwill, 20.10
- intangible assets, 20.10
- interim reporting, 13.1, 13.4
 - minimum for public companies, 13.4(ii)
 - SEC requirements, 13.4(iv)
 - of stock exchanges, 13.4(iii)
 - variations in, 13.4(i)
- inventory, 18.9
- lease/leasing, 21.11
- loans, 16.4(g)
- oil/gas/natural resources, 27.11
- overload, 8.8(d)
- publicly held companies, 8.8(c)
 - earnings per share, 8.8(c)(ii)
 - interim reporting, 8.8(c)(iii)
 - segment disclosures, 8.8(c)(i)
- purchase method, 10.3
- related to specific elements, 8.8(b)
 - capital structure, 8.8(b)(v)
 - debt and equity investments, 8.8(b)(i)
 - inventories, 8.8(b)(ii)
 - long-term debt, 8.8(b)(iv)
 - plant assets/depreciation, 8.8(b)(iii)
- Discontinued operations:
 - accounting, reporting issues, 14.3(f)
 - cash flow statement presentation, 12.2(f)
 - income statement presentation, 9.2
 - allocation of costs and expenses, 9.2(f)
 - disclosure of, 9.2(g)
 - disposal date, 9.2(b)
 - examples of, 9.2(c)
 - measurement date, 9.2(a)
 - recording, 9.2(d)
 - subsequently retained, accounting for, 9.2(e)
- Discounts, revenue recognition, 17.4(d)
- Disposals:
 - business, pension plan accounting, 36.3(d)
 - discontinued operations date, 9.2(b)
 - property/plant/equipment, 19.5
 - casualties, 19.5(b)
 - retirements/sales/trade-ins, 19.5(a)
- Dividends:
 - as ancillary revenue, 17.6(a)
 - dates of, 25.7(e), 25.7(f)
 - payable, 23.3(h)
- Divorce, *see* Marital dissolution
- Down payments, for real estate, 28.2(d)
- Due process procedures, FASB, 2.3(a)(iv)
- Earning power analysis, 14.2(e)
- Earnings, *see also* Comprehensive income
 - and earnings; Earnings per share; Retained earnings
 - management of
 - by distorting the application of GAAP, 4.1
 - by faulty design of GAAP, 4.2
 - quality of, 14.3(a)
- Earnings per share (EPS), 9.10, 9.13
 - under APB No. 25 (stock-based compensation), 37.4
 - basic, 9.10(b), 14.3(q)
 - business combinations, contingent share arrangements, 10.3(d)(iii)
 - diluted, 9.10(c), 14.3(q)
 - disclosure regarding, 9.12
 - under FASB Statement No. 123, 37.7
 - presentation, 9.11
 - SEC reporting requirements, 9.15
 - terms related to, 9.10(a)
 - weighted average, 9.10(a)(v)
 - computation, 9.14
- Economic Analysis, SEC Office of, 3.1(b)
- EDGAR (Electronic Data Gathering Analysis and Retrieval System), 3.1(c)(iv)
- Electronic banking, 29.2(z)
- Embedded derivatives, 24.1(b)(iix)
- Emerging Issues Task Force (EITF), 2.3(a)(iii), 22.2(c)(vi)
- Employees, *see also* Pension plans
 - advances from, 23.3(g)
 - business combinations
 - payments to, 10.3(c)(iii)
 - postemployment benefits, 10.3(g)(xi)
 - postretirement benefits, 10.3(g)(x)
 - severance costs, 10.3(c)(ii)
 - sales incentive discounts, 17.5(d)
- Employee stock options, 25.6(c)
- Employee stock ownership plans (ESOP), 25.6(d)
- Encumbrance accounting, 33.3(b)(ii)
- Endowments, *see* Not-for-profit accounting, contributions

- Enforcement, SEC Division of, 2.2(a)(v), 3.1(b)
- Engagement letter:
 - audit planning, 26.2(b)(i)
 - support for opinions, 44.6(d)
- Enron Corporation, 2.3(a)(vi), 5.1–5.4
- Enterprise funds, 32.4(g)(vi)
- Environmental issues:
 - contamination costs, 19.4(g)
 - liabilities, 23.3(j)(x)
 - mining industry, 27.7(e)
 - real estate costs, 28.3(e)
- Equipment, *see* Property/plant/equipment
- Equity, FASB defines, 1.3(b)(iii). *See also* Shareholders' equity
- Equity method, 11.6
 - applying, 11.6(c)
 - consolidation contrasted, 11.6(a)
 - disclosures concerning, 11.6(d)
 - goodwill, 20.2(e), 20.7(b)(viii), 20.11(d)
 - major pronouncements, 11.7(d)
 - using, 11.6(b)
 - common stock involving significant influence, 11.6(b)(iii)
 - joint ventures, 11.6(b)(ii)
 - unconsolidated subsidiaries, 11.6(b)(i)
- Equity securities, 16.6
 - accounting after acquisition, 16.6(b)
 - impairment guidelines, 16.6(b)(i)
 - transfers between categories, 16.6(b)(ii)
 - bank investment in, 29.2(s)
 - disclosures, 16.6(d)
 - initial recognition and measurement, 16.6(a)
 - available for sale, 16.6(a)(ii)
 - trading, 16.6(a)(i)
 - reporting comprehensive income, 16.6(c)
- Errors, correction of, 9.5(e)
- Escott v. BarChris Construction Corp., 3.2(b), 3.2(c)
- Estates, 41.2. *See also* Estates, legal issues; Trusts
 - governing concepts, 41.2(a)
 - recording keeping system, 41.2(b)
 - reports of executor or administrator, 41.2(c)
- Estates, legal issues, 41.1, 41.5
 - assets
 - distribution, 41.1(i)(xvii)
 - inventory, 41.1(i)(ix)
 - possession, 41.1(i)(v)
 - probate versus nonprobate, 41.1(i)(vi)
 - valuation, 41.1(i)(vii)
 - debts payments, 41.1(i)(xii)
 - order, 41.1(i)(xiv)
 - source of funds, 41.1(i)(xv)
 - domicile, 41.1(d)
 - fiduciary responsibilities, 41.1(i)
 - administration expenses, 41.1(i)(xvi)
 - administration, preliminary, 41.1(i)(iii)
 - advancement and hotchpot, 41.1(i)(xxii)
 - advertising for creditors, 41.1(i)(xiii)
 - assets, distribution of, 41.1(i)(xvii)
 - assets, inventory of, 41.1(i)(ix)
 - assets, possession, 41.1(i)(v)
 - assets, probate versus nonprobate, 41.1(i)(vi)
 - assets, valuation of, 41.1(i)(vii)
 - debts, order of payment, 41.1(i)(xiv)
 - debts, payment of, 41.1(i)(xii)
 - debts, source of funds for payment, 41.1(i)(xv)
 - decree of distribution and postdegree procedure, 41.1(i)(xxv)
 - disclaimers, 41.1(i)(xxiv)
 - executor versus administrator, 41.1(i)(i)
 - funds, management of estate, 41.1(i)(xi)
 - legacies, abatement of, 41.1(i)(xix)
 - legacies, deductions from, 41.1(i)(xx)
 - legacies, lapsed, 41.1(i)(xxi)
 - legacies, payment of, 41.1(i)(xviii)
 - personal property exemptions, 41.1(i)(vii)
 - real property, 41.1(i)(viii)
 - representatives, general duties, 41.1(i)(ii)
 - representatives, specific duties, 41.1(i)(iv)
 - surviving spouse's right of election against will, 41.1(i)(xxiii)
 - trusts, funding of, 41.1(i)(xxvi)
 - intestacy
 - probate procedures, 41.1(g)
 - rules under, 41.1(c)
 - legacies
 - abatement, 41.1(i)(xix)
 - deductions, 41.1(i)(xx)
 - lapsed, 41.1(i)(xxi)
 - payment, 41.1(i)(xviii)
 - probate procedures
 - failure of executor, 41.1(f)
 - intestacy, 41.1(g)
 - wills, 41.1(e)
 - representatives
 - commissions, 41.1(k)
 - duties, 41.1(i)(ii), 41.1(i)(iv)
 - executor versus administrator, 41.1(i)(i)
 - powers, 41.1(j)
 - reports, 41.2(c)

- small estate settlement, 41.1(h)
- taxation of estates, 41.1(l)
 - federal, 41.1(l)(ii)
 - final individual income, 41.1(l)(i)
 - generation skipping transfer, 41.1(l)(iv)
 - income, 41.1(l)(v)
 - state, 41.1(l)(iii)
- wills
 - executing, 41.1(a)
 - probate procedures:, 41.1(e)
 - provisions, 41.1(b)
- Ethics:
 - AICPA, 2.4(a)(iii)
 - IMA, 2.4(c)
- European Union (EU), 7.2(c)
 - directives, 7.2(c)(i)
 - procedures, 7.2(c)(ii)
 - recent developments, 7.2(c)(iii)
- Events, *see*
 - Transactions/events/circumstances
- Exchange, cost of acquisition by,
 - 19.2(a)(i)
- Expense(s):
 - FASB concept statement definition,
 - 1.3(b)(iii)
 - income statement, 8.4(b)
 - state and local government reporting,
 - 32.6(d)(i)
- Expense deferrals, 14.3(d)
- Extractive industries:
 - intangible assets, 20.6(g)
 - revenue recognition, 17.1(d)(ii)
- Extraordinary items:
 - cash flow statement presentation,
 - 12.2(g)
 - income statement presentation, 9.3
 - application of criteria, 9.3(c)
 - exceptions to criteria, 9.3(d)
 - infrequently occurring, 9.3(b)
 - reporting, 9.3(e)
 - unusual nature, 9.3(a)
 - repairs to property/plant, 19.4(b)(ii)
- Factoring agreements, 16.4(c)(vii)
- Fair value:
 - disclosures, 16.2(j)
 - FASB defines, 1.3(b)(v)
 - goodwill, 20.7(b)(ii)
 - real estate, 28.9(d)
- Fair value hedges, *see under* Derivatives and
 - hedge accounting
- FASB, *see* Financial Accounting Standards
 - Board (FASB)
- Federal Communications Commission (FCC),
 - 31.3(a)
- Federal Deposit Insurance Corporation
 - (FDIC), 29.2(c), 29.2(c)(iii)
- FDICIA Section 112, 29.2(e)
- Federal Energy Regulatory Commission
 - (FERC), 31.3(a)
- Federal government, *see* Government
 - (federal) accounting
- Federal Home Loan Bank (FHLB),
 - 29.2(w)(ix)
- Federal Reserve System (FRS), 29.2(c),
 - 29.2(c)(ii)
- Feedback value, of accounting information,
 - 1.3(b)(ii)
- FIFO (first in, first out), 18.6(b)
- 50%-or-less-owned equity method investees,
 - 3.4(j)
- Film industry, 30.1–30.4
 - costs/expenses, 30.3
 - amortization/cost accruals, 30.3(b)
 - capitalization, 30.3(a)
 - exploitation costs, 30.3(g)
 - manufacturing costs, 30.3(h)
 - subsequent events, 30.3(f)
 - ultimate participation costs, 30.3(d)
 - ultimate revenue, 30.3(c)
 - valuation, 30.3(e)
 - guidance history, 30.1
 - intangible assets, 20.6(h)
 - presentation/disclosure, 30.4
 - revenue recognition, 17.4(b)(v)
 - revenue reporting, 30.2
 - basic principles, 30.2(a)
 - detailed principles, 30.2(b)
- Finance company, 29.1(c)(vii)
- Finance company debt analysis, 14.8
 - asset protection ratios, 14.8(b)
 - capitalization, 14.8(f)
 - liquidity, 14.8(e)
 - loan spreads, 14.8(d)
 - operating agreement, 14.8(a)
 - reserve and loss ratios, 14.8(c)
- Financial accounting and reporting:
 - Enron, 5.1–5.4
 - general purpose, 1.1(a)
 - governmental agencies, 2.1(e)(i), 2.2
 - governments, state and local, 32.4(m)
 - certificate of achievement program,
 - 32.4(m)(iv)
 - comprehensive annual report,
 - 32.4(m)(iii)
 - entity, 32.4(m)(i)

- Enron (*Continued*)
- popular reports, 32.4(m)(v)
 - pyramid concept/general purpose statements, 32.4(m)(ii)
 - health care industry, 34.5
 - management and taxation, 1.1(b)
 - objectives, 1.3(b)(i), 2.1(a)
 - principle role, 1.1
 - professional organizations, 2.1(e)(iii), 2.4
 - social role, 2.1
 - standard setting organizations, 2.1(e)(ii), 2.3
- Financial Accounting Foundation (FAF), 2.1(e)(ii), 2.3(a)(ii)
- Financial Accounting Standards Advisory Council (FASAC), 2.3(a)(ii)
- Financial Accounting Standards Board (FASB), 2.3(a)(iii)
- Concepts Statement, 1.3(b)
- elements of financial statements, 1.3(b)(iii)
 - objectives of financial reporting, 1.3(b)(i)
 - qualitative characteristics of accounting information, 1.3(b)(ii)
 - recognition and measurements, 1.3(b)(iv)
 - using cash flow information/present value in accounting determinations, 1.3(b)(v)
- Conceptual Framework, 1.2, 1.3, 2.3(a), 2.3(a)(v)
- Accounting Principles Board, 1.2(c)
 - additional information, 1.4, 1.5
 - asset/liabilities (fundamental elements of financial statements), 1.3(a)(iii)
 - as body of concepts, 1.3(a)
 - Committee on Accounting Procedure, 1.2(b)
 - defining assets and liabilities, 1.2(d)
 - functions of, 1.3(a)(iv)
 - information useful in making investment, credit, similar decisions, 1.3(a)(i)
 - representation of things/events in real world environment, 1.3(a)(ii)
 - revenue recognition, 17.3(c)
 - Special Committee on Co-operation with Stock Exchanges, 1.2(a), 1.2(d)(ii)
 - defining assets/liabilities, 1.2(d), 1.3(b)(iii)
 - due process procedures, 2.3(a)(iv)
 - earnings management, 4.2
 - general purpose external financial accounting and reporting, 1.1(a)
 - history, 2.3(a)(i)
 - influence, 2.1(e)(ii)
 - interpretations of (FIN), 1.1(a)
 - objectives of financial reporting, 8.2(a)
 - origins, 1.2(d)
 - political environment/future, 2.3(a)(vi)
 - publications, 2.3(a)(iii)
- Statements
- No. 2 *Accounting for Research and Development Costs*, 1.2(d)(i), 1.3(b)(iii)
 - No. 5 *Accounting for Contingencies*, 1.2(d)(i)
 - No. 7 *Accounting and Reporting by Development Stage Enterprises*, 1.2(d)(i)
 - No. 12 *Accounting for Certain Marketable Securities*, 1.2(b)(ii), 1.3(b)(iv)
 - No. 33, 15.1, 15.3
 - No. 52 *Foreign Currency Translation*, 1.2(b)(ii), 1.3(b)(iv)
- structure of, 2.3(a)(ii)
- utility rate regulation, 31.5(b)
- Financial Executives International (FEI), 2.1(e)(iii), 2.4(d)
- Financial institutions, 29.1, 29.5. *See also*
- Banks and savings institutions;
 - Investment companies; Mortgage banking activities
- changing environment, 29.1(a)
- role in economy, 29.1(b)
- scope of SFAS No. 95, 12.1(d) (i), 12.6
- types of, 29.1(c)
- banks and savings institutions, 29.1(c)(i)
 - credit unions, 29.1(c)(iv)
 - finance companies, 29.1(c)(vii)
 - insurance companies, 29.1(c)(vi)
 - investment banks, 29.1(c)(v)
 - investment companies, 29.1(c)(iii)
 - mortgage banking activities, 29.1(c)(ii)
 - real estate investment trusts (REITS), 29.1(c)(ix)
 - securities brokers and dealers, 29.1(c)(viii)
- Financial Reporting Releases (FRRs), 3.4(h)
- No. 59 *Cautionary Advice Regarding Use of Pro Forma Financial Information in Earnings Releases*, 3.1(f)
 - No. 60 *Cautionary Advice Regarding Disclosure about Critical Accounting Policies*, 3.1(f), 3.1(f)(iii)
 - No. 61 *Commission Statement about Management's Discussion and Analysis*

- of Financial Condition and Results of Operations, 3.1(f)
- Financial statements, 8.1, 14.1–14.10. *See also* Balance sheet; Cash flow; Financial statements, interim; Financial statements, personal; Financial statements, prospective; Income statement
- accounting and reporting issues, 14.3
- changing prices, 14.3(g)
- depreciation, 14.3(c)
- discontinued operations, extraordinary gains/losses, unusual items, 14.3(f)
- earnings per share, 14.3(q)
- earnings quality, 14.3(a)
- expense deferrals, 14.3(d)
- foreign operations, 14.3(h)
- interim results analysis, 14.3(m)
- international reporting differences, 14.3(n)
- inventory, 14.3(b)
- investments analysis, 14.3(o)
- mergers and acquisitions, 14.3(j)
- post employment benefits, 14.3(i)
- push down accounting, 14.3(k)
- revenue recognition, 14.3(e)
- segment data analysis, 14.3(l)
- stock compensation plans, 14.3(p)
- articulation of, 8.7
- assets and liabilities as fundamental elements of, 1.3(a)(iii)
- comparative, auditor and, 26.3(e)
- consolidated, after date of business combination, 11.5
- purchase method, 80% stock for stock acquisition, 11.5(b)
- purchase method, 90% stock acquisition, 11.5(a)
- disclosure, 8.8
- broad requirements, 8.8(a)
- overload, 8.8(d)
- publicly held companies, 8.8(c)
- related to specific elements, 8.8(b)
- elements of, 1.3(b)(iii), 2.3(a)(v)
- finance company debt analysis, 14.8
- fixed income analysis, 14.7
- glossary, 14.9
- goodwill, 20.9(b)
- income taxes, 22.4
- disclosures, 22.4(b), 22.4(c)
- presentation, 22.4(b)
- tax allocation with period, 22.4(a)
- intangible assets, 20.9(a)
- integrated, 14.6, 14.9
- investment companies, 29.4(d)
- limitations of, 8.9
- flexibility versus uniformity, 8.9(f)
- historical orientation, 8.9(b)
- judgment and estimation, 8.9(c)
- management ability to influence content, 8.9(d)
- stable monetary unit assumption, 8.9(a)
- unrecorded items, 8.9(e)
- objectives of, 8.2(a)
- principles underlying
- accrual accounting, 8.2(b)(v)
- approximate measures, 8.2(b)(ii)
- explanatory notes and disclosures, 8.2(b)(vi)
- general purpose financial statements, 8.2(b)(iv)
- historical orientation, 8.2(b)(iii)
- multiple sources of information, 8.2(b)(i)
- scope of, 14.1
- external users of, 14.1(a)
- framework for analysis, 14.1(d)
- sources of financial information, 14.1(c)
- user groups' objectives, 14.1(b)
- society's well-being and, 2.1(b)(i)
- Financial statements, interim, 13.1–13.6
- analysis, 14.3(m)
- application of GAAP, 13.2
- concerns common to, 13.2(b)
- current view, 13.2(c)
- discrete view, 13.2(a), 13.2(a)(i)
- integral view of, 13.2(a), 13.2(a)(ii)
- auditor's role, 13.5, 26.4(d)
- costs associated with revenue, 13.3(c)
- gross profit estimation, 13.3(c)(i)
- LIFO, 13.3(c)(ii)
- LIFO liquidation illustrations, 13.3(c)(iii)
- market below cost, 13.3(c)(iv)
- standard cost, 13.3(c)(v)
- disclosure, 13.4
- importance of timely, 13.1
- public company minimums, 13.4(ii)
- SEC requirements, 13.4(iv)
- stock exchange requirements, 13.4(iii)
- variations in presentation, 13.4(i)
- income taxes, 13.3(e)
- measurement principles, 13.3
- accounting changes, 13.3(g)
- costs and expenses, 13.3(b), 13.3(d)
- costs associated with revenue, 13.3(c)
- disposal of business segment, 13.3(f)
- extraordinary items, 13.3(f)
- income tax provisions, 13.3(e)
- revenue, 13.3(a)

Financial statements, personal, 39.1–39.13

- accounting basis, 39.2(d)
- assets, 39.3
 - closely held businesses, 39.3(h)
 - estimated current value, 39.3(a)
 - future interests, 39.3(l)
 - intangible assets, 39.3(k)
 - life insurance, 39.3(g)
 - limited partnership interests, 39.3(d)
 - marketable securities, 39.3(c)
 - options on assets other than marketable securities, 39.3(f)
 - personal property, 39.3(j)
 - precious metals, 39.3(e)
 - real estate, 39.3(i)
 - receivables, 39.3(b)
- audits, 39.10
- compilation, 39.8
- definition, 39.2(a)
- description/requirements, 39.2
- disclosures, 39.7
- guidance, 39.1
 - client acceptance, 39.1(b)
 - client representation letters, 39.1(d)
 - client understandings, 39.1(c)
 - standards, 39.1(a)
- income taxes, provision for, 39.5
 - computing, 39.5(b)
 - definition, 39.5(a)
 - disclaimer, 39.5(d)
 - tax basis, 39.5(c)
- liabilities, 39.4
 - contingent, 39.4(c)
 - estimated current amount, 39.4(a)
 - income taxes payable, 39.4(d)
 - noncancelable commitments, 39.4(b)
- net worth changes, 39.6
- non-third party use, 39.12
- ownership, 39.2(b)
- presentation order, 39.2(e)
- reports, 39.11
- review, 39.9
- uses, 39.2(c), 39.12

Financial statements, prospective, 38.1–38.10

- accountants' services
 - forecasts/objectives, 26.4(e)(i)
 - internal use, 38.2(d), 38.5(c)
 - IRS perspective, 38.5(g)
 - levels of service, 26.4(e)(ii)
 - materiality, 38.5(e)
 - objectives, 38.5(a)
 - prohibited engagements, 38.5(d)
 - SEC perspective, 38.5(f)

- standard, 38.5(b)
 - agreed-upon procedures, 38.8
 - procedures, 38.8(b)
 - reports, 38.8(c)
 - scope, 38.8(a)
 - bankruptcy, 43.7(e)
 - compilation services, 38.6
 - assembly, 38.6(b)
 - problem situations, 38.6(e)
 - procedures, 38.6(c)
 - reporting, 38.6(d)
 - scope, 38.6(a)
 - definitions, 38.1(a)
 - development, 38.3
 - assembling, 38.3(d)
 - assumptions, 38.3(c)
 - guidelines, 38.3(a)
 - key factors, 38.3(b)
 - examination services, 38.7
 - independence, 38.7(d)
 - modified report, 38.7(c)
 - scope, 38.7(a)
 - standard report, 38.7(b)
 - internal use services, 38.9
 - determining internal use, 38.9(b)
 - procedures, 38.9(c)
 - reports, 38.9(d)
 - scope, 38.9(a)
 - other presentations that look like, 38.1(b)
 - financial analyses, 38.1(b)(iv)
 - partial presentations, 38.1(b)(ii)
 - pro formas, 38.1(b)(iii)
 - for wholly expired periods, 38.1(b)(i)
 - presentation/disclosure, 38.4
 - accounting principles, significant, 38.4(c)(iii)
 - assumptions, significant, 38.4(c)(ii)
 - authoritative guidance, 38.4(a)
 - date, 38.4(c)(iv)
 - description of presentation, 38.4(c)(i)
 - form of, 38.4(b)
 - types of, 38.1(a)
 - financial forecasts, 38.1(a)(i)
 - financial projections, 38.1(a)(ii)
 - uses, 38.2
- Financing activities:
- cash classification, 12.1(g)(ii)
 - statement of cash flows, 8.6(c)
- First in, first out inventory (FIFO), 18.6(b)
- Fiscal year, reporting change in, 3.6(b)(vii)
- Fixed assets:
- nonmonetary exchanges of, 17.4(a)(i)
 - not-for-profits, 33.2(e)

- OBS financing techniques, 14.4(c)(vii)
- state and local accounting
 - acquisition/disposal, 32.4(h)(i)
 - classification, 32.4(l)(v)
 - depreciation, 32.4(c)(viii), 32.4(h), 32.4(h)(iv)
 - disposal/retirement, 32.4(h)(iii)
 - turnover ratio, 14.4(c)(i)
- Fixed income analysis, 14.7
- Flow-through accounting, 22.3(d)
- Forecasts, *see* Financial statements, prospective
- Foreclosed real estate assets, 28.3(m), 29.2(w)(vii)
- Foreign Corrupt Practices Act (FCPA), 3.1(i)
 - internal accounting control, 3.1(i)(ii)
 - payments to foreign officials, 3.1(i)(i)
- Foreign currency, *see also* Foreign currency
 - cash flows; Foreign currency translation
 - cash flow hedges, 24.3(c), 24.5(c)
 - fair value hedges, 24.2(c)
 - net investment hedges, 24.4
- Foreign currency cash flows, 12.4
 - balances, 16.2(e)
 - consolidating operations, 12.4(a)
 - determining exchange gain/loss modified by SFAS No. 95, 12.4(d)
 - exchange rate gains/losses, 12.4(c)
 - presentation of effects of exchange rate changes of cash balance, 12.4(b)
 - transactions, 12.4(e)
 - translation of foreign operations (case), 12.4(f)
- Foreign currency translation, 11.3
 - assumptions concerning, 11.3(b)
 - disclosures concerning foreign operations, 11.3(i)
 - exchange rate selection, 11.3(h)(iii)
 - exclusion of transaction gains/losses from income, 11.3(g)
 - deferral of transaction gains/losses, 11.3(g)(ii)
 - treatment as translation adjustments, 11.3(g)(i)
- forward exchange contracts, 11.3(f)
 - discounts or premiums on, 11.3(f)(i)
 - gains or losses on, 11.3(f)(ii)
- income tax considerations, 11.3(h)(i)
- intercompany profit eliminations, 11.3(h)(ii)
- objectives of, 11.3(a)
- pronouncements, 11.7(c)
- tasks required for, 11.3(c)
- adjustments, 11.3(c)(iv)
- identifying functional currency, 11.3(c)(i)
- measuring in functional currency, 11.3(c)(ii)
- translation using current rate, 11.3(c)(iii)
- translation of liabilities, 23.3(m)
- treatment of foreign components or extensions of parent company operations, 11.3(d)
- treatment of foreign currency transactions, 11.3(e)
- Foreign exchange contracts, 29.2(x)(v)
- Foreign operations, analysis, 14.3(h)
- Forensic accounting/litigation consulting, 44.1–44.10
 - accountant's role, in general, 44.6(a)
 - accountant's role in litigation process, 44.3, 44.4
 - case analysis/planning, 44.3(d)
 - comparing to attest services, 44.3(c)
 - discovery, 44.3(e)
 - nontestifying consultant, 44.3(b)
 - pretrial, 44.3(g)
 - settlement analysis, 44.3(f)
 - testifying expert, 44.3(a)
 - trial, 44.3(h)
- adversarial process, 44.2(a)
- alternative dispute resolution, 44.2(c)
- bankruptcy reporting requirements, 43.7(a)
- business-oriented cases, 44.6(a)
 - accountant's liability, 44.6(a)
 - antitrust, 44.6(a)(iv)
 - bankruptcy, 44.6(a)(vii)
 - breach of contract, 44.6(a)(i)
 - business interruption, 44.6(a)(ii)
 - contractual purchase liability, 44.7(a)(xi)
 - employment litigation, 44.6(a)(ix)
 - intellectual property, 44.6(a)(iii)
 - lender liability, 44.6(a)(viii)
 - practitioners liability, 44.6(a)(x)
 - Securities Act violations, 44.6(a)(vi)
 - white color crime/fraud, 44.6(a)(v)
- case types, 44.6
- civil suit stages, 44.2(b)
 - pleadings, 44.2(b)(i)
 - pretrial discovery, 44.2(b)(ii)
 - settlement, 44.2(b)(iv)
 - trial, 44.2(b)(iii)
- damage calculation, 44.7
 - general concepts, 44.7(a)
 - income taxes, 44.7(f)
 - interest on awards, 44.7(d)

- damage calculation (*Continued*)
 - measuring, 44.7(b)
 - mitigation, 44.7(c)
 - present value/inflation, 44.7(e)
- federal rules of evidence, 44.5
 - effect of *Daubert v. Merrell Dow Pharmaceuticals*, 44.5(b)
 - Rule 702, 44.5(a)
 - Rule of Civil Procedure 26, 44.5(c)
- introduction, 44.1
- as liability, 23.3(j)(vii)
- nonbusiness cases, 44.6(b)
 - marital dissolution, 44.6(b)(i)
 - partnership dissolution, 44.6(b)(ii)
 - personal injury, 44.6(b)(iii)
- professional standards relevant to litigation
 - consulting, 44.4
 - AICPA Code of Professional Conduct, 44.4(a)
 - AICPA Consulting Services Practice Aids, 44.4(c)
 - Statement on Standards for Consulting Services, 44.4(b)
- proofs required, 44.2(d)
 - causation, 44.2(d)(ii)
 - damages, 44.2(d)(iii)
 - liability, 44.2(d)(i)
- support for opinions, 44.6
 - documentation, 44.6(c)
 - engagement letters, 44.6(d)
 - reliance on others, 44.6(b)
 - sources of information, 44.6(a)
- testimony, 44.7
 - deposition, 44.7(a)
 - trial, 44.7(b)
- Form 8-K (SEC), 3.6
 - disclosure concerning certain management transactions, 3.1(f)(ii)
- events to be reported
 - item 1— changes in control of registrant, 3.6(b)(i)
 - item 2— acquisition or disposition of assets, 3.6(b)(ii)
 - item 3— bankruptcy or receivership, 3.6(b)(iii)
 - item 4— changes in registrant's independent accountants, 3.6(b)(iv)
 - item 5— other events, 3.6(b)(v)
 - item 6— resignation of registrant's directors, 3.6(b)(vi)
 - item 7— financial statements, pro forma financial information, exhibits, 3.6(b)(vii)
 - item 8— change in fiscal year, 3.6(b)(viii)
 - item 9— sales of equity securities pursuant to Regulation S, 3.6(b)(ix)
- overview of requirements, 3.6(a)
- signatures, 3.6(b)(x)
- Form 10-K (SEC), 3.4. *See also* Management discussion and analysis (MD&A)
 - accountants' reports, 3.4(b)
 - annual report to stockholders, 3.4(q)
 - content, 3.4(q)(ii)
 - financial statements included in, 3.4(q)(i)
 - reporting on management and audit committee responsibilities, 3.4(q)(iii)
 - summary annual reports, 3.4(q)(iv)
 - chronological order and footnote referencing, 3.4(f)
- disclosure
 - compensating balances, 3.4(l)
 - income tax expense, 3.4(k)
 - other sources of requirements, 3.4(h)
 - required by Regulation S-X, 3.4(g)
 - short-term borrowing arrangements, 3.4(l)
- financial information regarding
 - unconsolidated subsidiaries and 50%-or-less-owned equity method investees, 3.4(j)
- financial statements, consolidated, 3.4(d)
- financial statements, general, 3.4(c)
- redeemable preferred stock, 3.4(o)
- Regulation S-B, 3.2(d)
- Regulation S-K, 3.4(o)
 - differs from Regulation S-B, 3.2(d)
- Regulation S-X, 3.4(a)
 - additional disclosure required, 3.4(g)
 - differs from Regulation S-B, 3.2(d)
 - materiality tests, 3.4(e)
 - schedules, 3.4(n)
- restrictions on transfer by subsidiaries and parent-company only financial information, 3.4(i)
- structure of, 3.4(p)
 - Part I, 3.4(p)(i)
 - Part II, 3.4(p)(ii)
 - Part III, 3.4(p)(iii)
 - Part IV, 3.4(p)(iv)
- relief for certain wholly owned subsidiaries, 3.4(p)(vi)
- signatures, 3.4(p)(v)
- variations in presentation of financial statements, 3.4(p)(vii)

- Form 10-Q (SEC), 3.5. *See also*
 - Management discussion and analysis (MD&A)
 - structure, 3.5(a)
 - omission of information by certain
 - wholly owned subsidiaries, 3.5(a)(iii)
 - Part I— financial information, 3.5(a)(i)
 - Part II— other information, 3.5(a)(ii)
 - signatures, 3.5(a)(iv)
- Forwards, 11.3(f), 29.2(x)(ii)
- Franchises:
 - amortization period, 20.5(c)(i)
 - capitalizable amounts, 20.5(c)(i)
 - revenue recognition, 17.4(b)(iii)
- Fraud/illegal acts:
 - audit planning, 26.2(c)(i), 26.2(c)(iii)
 - bankruptcy, 43.3(h)
 - Sarbanes-Oxley Act, 2.2(b)(v), 2.2(b)(viii)
 - SEC's focus on, 3.1(h)
 - white collar crime, 44.6(a)(v)
- Fund accounting:
 - colleges/universities, 33.3(b)(i)
 - governmental, 32.4(f)
 - capital projects funds, 32.4(g)(iv)
 - debt service funds, 32.4(g)(iii)
 - enterprise funds, 32.4(g)(vi)
 - general fund, 32.4(g)(i)
 - internal service funds, 32.4(g)(viii)
 - number of funds, 32.4(c)(iv), 32.4(g)
 - special assessment activities, 32.4(g)(x)
 - special revenue funds, 32.4(g)(ii)
 - summary of principles, 32.4(c)(ii)
 - trust and agency funds, 32.4(g)(ix)
 - types of funds, 32.4(c)(iii), 32.4(g)
 - not-for-profits, 33.2(c)
- Future economic benefits, FASB asset
 - definition, 1.3(b)(iii)
- Future operations, SEC MD&A examples, 6.2(b)(iv)
- Future revenues, sale of, 17.4(a)(vi)
- Futures/forwards/options/swaps, 29.2(x)

- GAAP, *see* Generally accepted accounting principles (GAAP)
- GAAS, *see* Generally accepted auditing standards (GAAS)
- Gains:
 - FASB concept statement definition, 1.3(b)(iii)
 - material, income statements, 9.4
- Gas, *see* Oil/gas/natural resources

- GASB, *see* Governmental Accounting Standards Board (GASB)
- General Counsel, SEC Office of, 3.1(b)
- Generally accepted accounting principles (GAAP)
 - auditing services, 26.1(b)(i)
 - departures from, 26.5(c)
 - banks and savings institutions, 29.2(n)
 - earnings management
 - distortion of, 4.1
 - faulty design of, 4.2
 - GAAP 2001 Report, 7.1(b)
 - health care, 34.2(a), 34.2(b)
 - interim financial statements, 13.2
 - inventory disclosures, 18.9(a)
 - source for mining, 27.6(b)
 - taxes compared to other countries, 22.6
 - utility rate regulation and, 31.5(c)
- Generally Accepted Auditing Standards (GAAS), 2.4(a)(ii)
- Gifts-in-kind, 33.2(j)(ii)
- Global accounting and auditing, 7.1–7.3
 - differences, 14.3(n)
 - foreign issuers reporting, 14.3(n)(ii)
 - IASC, 14.3(n)(i)
- European Union (EU), 7.2(c)
 - directives, 7.2(c)(i)
 - procedures, 7.2(c)(ii)
 - recent developments, 7.2(c)(iii)
- Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting (ISAR), 7.3(d)(iii)
- International Accounting Standards Board (IASB), 7.1(b)
 - IASC trustees, 7.2(a)(ii)
- International Financial Reporting Interpretations Committee (IFRIC), 7.2(a), 7.2(a)(iv)
- International Financial Reporting Standards (IFRSs), 7.2(a)(v)
 - membership, 7.2(a)(iii)
- Standards Advisory Council (SAC), 7.2(a)(iii)
 - structure, 7.2(a)(i)
- International Federation of Accountants (IFAC), 7.2(b)
 - governance, 7.2(b)(ii)
- International Standards on Auditing (ISAs), 7.2(b)(iii)
 - membership, 7.2(b)(i)
- International Forum on Accountancy Development, 7.3(d)(ii)

Global accounting and auditing (*Continued*)

International Organization of Securities
Commissions (IOSCO), 7.1(b),
7.3(d)(i)
standards
 convergence of accounting and auditing,
 7.1(b)
 movement toward global, 7.1(a)
“Going private” transactions, 3.2(g)
“Going public” exemption, 9.5(b)(i)
Goodwill, 20.7. *See also* Intangible assets
 bankruptcy, entities emerging from,
 20.7(b)(ix)
 effective date/transition provision of SFAS
 No. 142, 20.11
 equity method investments, 20.2(e),
 20.7(b)(viii)
 fair value measurements, 20.7(b)(ii)
 financial statement presentation/disclosure,
 20.9(b)
 health care industry, 34.3(o)
 impairment testing
 noncontrolling interest, 20.7(b)(vi)
 by subsidiary, 20.7(b)(v)
 timing, 20.7(b)(iii)
 initial valuation, 20.7(a)
 not-for-profits, 33.1(a)(iv)
 presentation and disclosure, 20.9(b)
 purchased, 11.2(e)
 recognition/measurement of impairment,
 20.7(b)(i)
 reporting unit, 20.7(b)(iv)
 disposal of, 20.7(b)(vii)
 tax deductibility of amortization,
 10.3(g)(xv)
Government (federal) accounting, 35.1–35.3
 accounting requirements, 35.1, 35.3
 billing systems, 35.2(e)
 cost-reimbursement contracts,
 35.2(e)(i)
 fixed-price contracts, 35.2(e)(ii)
 contract changes/terminations, 35.3(d)
 contractors, 35.3(a)
 cost accounting standards/systems, 35.2(a),
 35.3(c)
 contract coverage, 35.3(c)(i)
 disclosure statements, 35.3(c)(iii)
 price adjustments, 35.3(c)(ii)
 standards, 35.3(c)(iv)
 cost estimating systems, 35.2(b)
 cost principles, 35.3(b)
 advance agreements on particular cost
 items, 35.3(b)(i)

 composition of total allowable costs,
 35.3(b)(ii)
 factors affecting allowability, 35.3(b)(iii)
 management information system
 requirements, 35.2
 material management and accounting
 systems, 35.2(c)
 project management systems, 35.2(d)
 record-retention requirements, 35.2(f)
Government (state and local), 32.1, 32.8. *See also* Government (state and local)
 accounting
 audits of, 32.6
 audit committees, 32.6(b)(ii)
 governmental rotation of auditors,
 32.6(b)(i)
 Single Audit Act, 1996 amendments,
 32.6(a)
 boards of accountancy, 2.1(e)(i), 2.2(c)
 nature/organization of, 32.2
 objectives, 32.2(b)
 organization, 32.2(c)
 special characteristics, 32.2(d)
 structure, 32.2(a)
 pronouncements, 32.8
 regulatory commissions, 31.3(b)
 societies/associations/institutes, 2.4(b)
Government (state and local) accounting,
 32.1, 32.8
 accrual basis, 32.4(c)(ix)
 basis of, 32.4(j), 32.4(j)(ii)
 budgetary accounting, 32.4(k)
 capital budget, 32.4(k)(v)
 execution, 32.4(k)(iii)
 new reporting requirements, 32.4(k)(vi)
 operating budget types, 32.4(k)(i)
 preparation, 32.4(k)(ii)
 proprietary fund budgeting, 32.4(k)(iv)
 summary of principles, 32.4(c)(x)
changes proposed, 32.7
classification, 32.4(l)
 accounting coding, 32.4(l)(vi)
 expenditures, 32.4(l)(i)
 fixed assets, 32.4(l)(v)
 fund equity, 32.4(l)(iv)
 other transactions, 32.4(l)(ii)
 residential equity transfers, 32.4(l)(iii)
 transfer/revenue/expense account, 32.4(l)
disclosure requirements (new), 32.7
 capital assets/long-term liabilities,
 32.7(b)
 donor-restricted endowments, 32.7(c)
 general, 32.7(a)

- segment information, 32.7(d)
- expenditure transactions, 32.4(j)(iv)
- financial reports, external, 32.4(m)
 - certificate of achievement program, 32.4(m)(iv)
 - comprehensive annual report, 32.4(m)(iii)
 - popular reports, 32.4(m)(v)
 - pyramid concept/general purpose statements, 32.4(m)(ii)
 - reporting entity, 32.4(m)(i)
- financial reports, interim and annual, 32.4(c)(xiii)
- financial report users, 32.4(b)
- fixed assets
 - acquisition/disposal, 32.4(h)(i)
 - depreciation, 32.4(c)(viii), 32.4(h), 32.4(h)(iv)
 - disposal or retirement, 32.4(h)(iii)
 - subsidiary property records, 32.4(h)(ii)
 - summary of principles, 32.4(c)(vi)
 - valuation, 32.4(c)(vii), 32.4(h)
- fund accounting, 32.4(f)
 - capital projects funds, 32.4(g)(iv)
 - debt service funds, 32.4(g)(iii)
 - enterprise funds, 32.4(g)(vi)
 - focus on major funds, 32.4(g)(vii)
 - general fund, 32.4(g)(i)
 - internal service funds, 32.4(g)(viii)
 - number of funds, 32.4(c)(iv), 32.4(g)
 - permanent funds, 32.4(g)(v)
 - special assessment activities, 32.4(g)(x)
 - special revenue funds, 32.4(g)(ii)
 - summary of principles, 32.4(c)(ii)
 - trust and agency funds, 32.4(g)(ix)
 - types of funds, 32.4(c)(iii), 32.4(g)
- GASB No. 34, transition to, 32.11
- government-wide financial statements, 32.6
 - activities statement, 32.6(d), 32.6(h)
 - eliminations/reclassifications, 32.6(e)
 - focus on major funds, 32.6(a)
 - internal service fund balances, 32.6(f)
 - measurement focus/basis, 32.6(b)
 - net assets statement, 32.6(c), 32.6(g)
 - reconciliation, 32.4(o)
- grant accounting, 32.5
 - definitions, 32.5(a)
 - fund identification, 32.5(b)
 - recognition, revenue/expense, 32.5(c)
- interfund activity, 32.4(n)
- legal compliance, 32.4(e)
- long-term liabilities, 32.4(i)
 - deficit bonds, 32.4(i)(ii)
 - long-term debt, 32.4(i)(i)
 - summary of principles, 32.4(c)(vi)
- management discussion and analysis, 32.5
- measurement focus, 32.4(j), 32.4(j)(i)
- principles, sources of, 32.3
 - Governmental Accounting Standards Board (GASB), 32.3(b)
 - National Council on Governmental Accounting (NCGA), 32.3(a)
- principles/practices summary, 32.4, 32.4(c)
- private sector similarities, 32.4(a)
- pronouncements, 32.1(appendix)
- public colleges/universities, 32.5A
- reporting capital assets, 32.4(p)
- reporting component units, 32.8
- required reconciliation, 32.4(o)
- required supplementary information other than MD&A, 32.9
- revenue transactions, 32.4(j)(iii)
- solid waste landfill closure, 32.7(c)
- special purpose government reporting, 32.10
- Government Accounting Standards Advisory Council (GASAC), 2.3(a)(ii)
- Governmental Accounting Standards Board (GASB), 2.3(b)
 - influence, 2.1(e)(ii)
 - jurisdiction issue, 2.3(b)(ii)
 - No. 34 transition, 32.11
 - state and local governments, 32.3(b)
 - structure, 2.3(b)(i)
- Grant accounting, 32.5
- Gross margin valuation method, 18.5(g)
- Guarantees, *see* Warranties/guarantees
- Health care industry, 34.1–34.7
 - accounting principles, 34.3
 - agency transactions, 34.3(c)
 - assets, classification/reporting, 34.3(a)
 - assets, limited use, 34.3(b)
 - bad debts, 34.3(g)
 - business combinations, 34.3(u)
 - charity care, 34.3(h)
 - concentration of credit risk, 34.3(j)
 - contributions, 34.3(k)
 - derivatives, 34.3(m)
 - disclosure of risks, uncertainties, contingencies, 34.3(r)
 - intangible assets, 34.3(o)
 - investments, 34.3(l)

Health care industry (*Continued*)

- leases, 34.3(p)
- pension/post-employment benefits, 34.3(s)
- property/equipment, 34.3(n)
- reporting entity considerations, 34.3(t)
- reporting revenues, expenses, gains, losses, 34.3(i)
- revenue, health care, 34.3(d)
- revenue, managed care, 34.3(e)
- tax exempt debt, 34.3(q)
- third-party payer settlements, 34.3(f)
- timing differences, 34.3(v)
- authoritative pronouncements, 34.2
 - AICPA Audit Guide, 34.2(e)
 - FASB public company definition, 34.2(f)
 - GAAP, private sector, 34.2(a)
 - GAAP, public sector, 34.2(b)
 - HFMA Principles and Practices Board, 34.2(d)
 - SEC reporting requirements, 34.2(c)
- continuing care retirement communities, 34.4(a)
 - advance fees, nonrefundable, 34.4(a)(ii), 34.4(a)(iv)
 - advance fees, refundable, 34.4(a)(i), 34.4(a)(iii)
 - costs of acquiring initial contracts, 34.4(a)(vi)
 - obligation to provide future services, 34.4(a)(v)
- FASB and public companies, 34.2(f)
- financial reporting practices, 34.5
 - balance sheet, 34.5(c)
 - basic financial statements, 34.5(b)
 - operating statement, 34.5(d)
 - statement of cash flows, 34.5(f)
 - statement of changes in net assets/equity, 34.5(e)
 - users of financial statements, 34.5(a)
- governmental providers, 34.1(c), 34.3(b)(ii)
- investor-owned providers, 34.1(d)
- not-for-profit providers, 34.1(b), 34.3(b)(i)
- overview, 34.1
- physician practice management company (PPM), 34.4(c)
 - business combination issues, 34.4(c)(ii)
 - consolidation and “employee” status, 34.4(c)(v)
 - establishment of controlling financial interest, 34.4(c)(i)
 - financial reporting, 34.4(c)(vi)

- purchase versus pool accounting, 34.4(c)(iv)
- SEC reporting, 34.4(c)(vii)
- prepaid health care plans, 34.4(b)
 - acquisition costs, 34.4(b)(v)
 - billing and reconciliation, 34.4(b)(vi)
 - expense recognition issues, 34.4(b)(i)
 - loss contracts, 34.4(b)(ii)
 - risk pools, 34.4(b)(iii)
 - stop-loss insurance, 34.4(b)(iv)
- scope of SFAS No. 95, 12.6
- statutory/regulatory reporting issues, 34.6
- Health/welfare organizations, voluntary, 33.3, 33.3(a)
 - balance sheet, 33.3(a)(i), 33.3(a)(ii)
 - statement of cash flows, 33.3(a)(i), 33.3(a)(iv)
 - statement of functional expenses, 33.3(a)(i), 33.3(a)(v)
 - statement of support/revenue/expenses/asset changes, 33.3(a)(i), 33.3(a)(iii)
- Hedge accounting, *see* Derivatives and hedge accounting
- Holding company:
 - FDICIA Section 112, 29.2(e)(iii)
 - valuation of nonpublic, 42.3(d)
- Housing projects, tax benefits of affordable, 28.8(d)
- Idle equipment, depreciation, 19.10(c), 19.14(d)
- Illegal acts, *see* Fraud/illegal acts
- Impairment:
 - assets, 19.3
 - equity securities, 16.6(b)(i)
 - goodwill, 20.7
 - intangibles, 20.4
 - loan income recognition, 16.4(d)
 - long-lived assets, bankruptcy, 43.6(i)
- Income, *see also* Income statement
 - distortion of periodic, 1.2(b)(ii)
 - FASB conceptual framework, 1.3(a)(iii)
 - loan impairment and income recognition, 16.4(d)
 - reporting comprehensive, 9.9
- Income-producing properties, *see* Rental property
- Income statement, *see also* Income statement analysis
 - accounting changes, 9.5
 - banks and savings institutions, 29.2(l)(i)
 - discontinued operations, 9.2

- expenses, 8.4(b)
- extraordinary items, 9.3
- material gains/losses (unusual or infrequently occurring, not extraordinary), 9.4
- disposal of part/segment of business, 9.4(a)
- restructuring charges, 9.4(b)
- sale of stock by subsidiary, 9.4(d)
- takeover defense, 9.4(c)
- presentation issues, 8.4(c)
- prior period adjustments, 9.6
- pronouncements, 9.1
- real estate, 28.9(a)(ii)
- revenues, 8.4(a), 17.7(a)
- specific industries, SEC requirements, 9.8
 - casino/motels, 9.8(c)
 - retail companies, 9.8(a)
 - utilities, 9.8(b)
- usual events/transactions, reporting of, 9.7
- Income statement analysis, 14.2
 - cost and expense analysis, 14.2(c)
 - analytical adjustments, 14.2(c)(iii)
 - classification of costs, 14.2(c)(i)
 - fixed charges, 14.2(c)(v)
 - margin analysis, 14.2(c)(ii)
 - operating leverage, 14.2(c)(iv)
 - preferred dividend coverage, 14.2(c)(vi)
 - earning power
 - analysis, 14.2(e)
 - and risk, 14.2(a)
 - income tax analysis, 14.2(d)
 - risk and earning power concept, 14.2(a)
 - sales and revenue analysis, 14.2(b)
 - comparative trend analysis, 14.2(b)(iv)
 - components of sales trends, 14.2(b)(iii)
 - trend analysis, 14.2(b)(i)
 - variability, 14.2(b)(ii)
- Income taxes, *see also* Income taxes, recognition; Tax issues
 - analysis, 14.2(d)
 - APB Opinion No. 25, stock-based compensation, 37.3(f)
 - damage litigation, 44.7(f)
 - deferred, intangible assets, 20.8
 - effects on purchase price allocation, 10.3(g)(xiii)
 - financial statements, 22.4
 - disclosures, 19.4(c), 22.4(b)
 - presentation, 22.4(b)
 - tax allocation within period, 22.4(a)
 - financial statements, personal, 39.5
 - foreign currency translations
 - considerations, 11.3(h)(i)
 - GAAP compared to other countries, 22.6
 - general, 22.6(a)
 - international standards, 22.6(c)
 - United Kingdom, 22.6(b)
 - interim periods, 22.5
 - estimated annual effective tax rate, 22.5(b)
 - interim period tax, 22.5(c)
 - pronouncements, 22.5(a)
 - special problems, 22.5(d)
 - interim reporting, 13.3(e)
 - as liability, 23.3(f)(v), 23.8(i)
 - oil/gas/natural resources, 27.10
 - pension plan sponsor accounting, 36.2(n)
 - Regulation S-X disclosure of, 3.4(k)
 - SFAS No. 109, 22.2
 - basic principles, 22.2(a)
 - recognition and measurement, 22.2(b)
 - special applications, 22.2(c)
 - utilities, 31.11(a)
- Income taxes, recognition, 22.1
 - basic problem, 22.2(a)
 - concepts, 22.2(b)
 - comprehensive recognition, 22.1(b)(i)
 - deferred method, 22.1(a), 22.1(b)(i)
 - liability method, 22.1(a), 22.1(b)(i), 22.1(b)(ii)
 - net-of-tax method, 22.1(b)(i)
 - partial recognition, 22.1(b)(i)
 - general approaches/exceptions, 22.1(c)
 - foreign nonmonetary assets, 22.1(c)(v)
 - goodwill exception, 22.1(c)(iii)
 - leveraged lease exception, 22.1(c)(iii)
 - transfer of assets, 22.1(c)(iv)
 - valuation allowance, 22.1(c)(ii)
- Incorporation, of partnership, 40.4
- Independent accountant/auditor, *see* Accountants, independent; Auditors, independent
- Inflation reporting, 15.1(a), 15.2
- Initial filings, SEC and, 3.2(e)(ii)
- Installment sales:
 - as long-term liability, 23.8(b)
 - revenue recognition, 17.4(a)(i)
- Institute of Internal Auditors (IIA), 2.1(d)(iii)
- Institute of Management Accountants (IMA), 2.1(d)(iii), 2.1(e)(iii), 2.4(c)
- Insurance:
 - bank-owned life insurance, 29.2(w)(x)
 - life insurance proceeds, 42.3(g)
 - real estate costs, 28.3(g)

- Insurance companies, 29.1(c)(vi)
- scope of SFAS No. 95, 12.6
- Intangible assets, 20.1–20.6, 20.8–20.12. *See also* Goodwill; Intangible assets, identifiable
 - accounting for, 20.2
 - acquired in business combination, 20.2(a)
 - acquired separately or with other assets, 20.2(b)
 - amortization, 20.4(b)
 - amortization (not subject to), 20.4(c)
 - goodwill recognized with equity method, 20.2(e)
 - internally developed, 20.2(c)
 - recognized on acquisition of noncontrolling interest, 20.2(d)
 - specialized industries, 20.2(g)
 - specific guidance, 20.2(f)
 - useful life, 20.4(a)
 - allocating business purchase price to, 10.3(g)(v)
 - characterization, 20.1
 - deferred taxes, 20.8
 - deferred taxes associated with acquired, 10.3(g)(xiv)
 - disclosure, 20.10
 - effective date/transition provision of SFAS No. 142, 20.11
 - financial statement presentation/disclosure, 20.9(a)
 - health care industry, 34.3(o)
 - initial recognition and measurement, 20.3
 - intellectual property litigation, 44.6(a)(iii)
 - not-for-profits, 33.1(a)(iv), 34.3(o)
 - specialized industries, 20.6
 - airlines, 20.6(a)
 - banking, mortgage, 20.6(c)
 - banking and thrifts, 20.6(b)
 - broadcast industry, 20.6(d)
 - cable television, 20.6(e)
 - computer software, 20.6(f)
 - extractive industries, 20.6(g)
 - film producers/distributors, 20.6(h)
 - public utilities, 20.6(i)
 - record/music industry, 20.6(j)
 - timber industry, 20.6(k)
 - trucking industry, 20.6(l)
- Intangible assets, identifiable, 20.5
 - advertising, 20.5(o)
 - copyrights, 20.5(a)
 - customer and supplier lists, 20.5(b)
 - franchises, 20.5(c)
 - leases/leasehold rights (favorable), 20.5(d)
 - moving costs, 20.5(h)
 - organization costs, 20.5(e)
 - patents, 20.5(f)
 - registration costs, 20.5(g)
 - research/development costs, 20.5(i)
 - royalty/license agreements, 20.5(j)
 - secret formulas/processes, 20.5(k)
 - start-up activities, 20.5(l)
 - tooling costs, 20.5(m)
 - trademarks/trade names, 20.5(n)
 - web site development, 20.5(p)
- Intellectual property, litigation, 44.6(a)(iii)
- Interest:
 - ancillary revenue, 17.6(b)
 - cost of capitalized, 19.2(c)
 - as liability, 23.2
 - real estate costs, 28.3(f)
- Interest method of allocation, 1.3(b)(v)
- Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting (ISAR), 7.3(d)(iii)
- Interim financial statements, *see* Financial statements, interim
- Internal control, independent auditor's responsibility, 26.2(b)(vi), 26.4(b)
- Internal service funds, 32.4(g)(viii)
- International Accounting Standards Board (IASB), 7.1(b)
- IASC trustees, 7.2(a)(ii)
- International Financial Reporting Interpretations Committee (IFRIC), 7.2(a), 7.2(a)(iv)
- International Financial Reporting Standards (IFRSs), 7.2(a)(v)
- membership, 7.2(a)(iii)
- Standards Advisory Council (SAC), 7.2(a)(iii)
- structure, 7.2(a)(i)
- International Accounting Standards Committee (IASC), 7.1(b), 7.2(a), 7.2(a)(ii), 14.3(n)(i)
- International Affairs, SEC Office of, 3.1(b)
- International Auditing and Assurance Standards Board (IAASB), 7.1(b)
- International Federation of Accountants (IFAC), 7.2(b)
- governance, 7.2(b)(ii)
- International Standards on Auditing (ISAs), 7.2(b)(iii)
- membership, 7.2(b)(i)
- International Financial Reporting Interpretations Committee (IFRIC), 7.2(a), 7.2(a)(iv)

- International Financial Reporting Standards (IFRSs), 7.2(a)(v)
- International Forum on Accountancy Development, 7.3(d)(ii)
- International Organization of Securities Commissions (IOSCO), 7.1(b), 7.3(d)(i)
- International standards, *see* Global accounting and auditing
- International Standards on Auditing (ISAs), 7.2(b)(iii)
- Internet companies, revenue recognition, 17.4(b)(vii). *See also* Web sites
- Interpretations (FINs), 2.3(a)(iii)
- Intestacy, 41.1(c), 41.1(g)
- Inventory, 18.1–18.10
 - accounting, reporting issues/objectives, 14.3(b), 18.2(c)
 - allocating business purchase price to, 10.3(g)(ii), 10.3(g)(iii)
 - as asset, 18.2(a)
 - auditor's observation of, 26.2(d)(vi)
 - control procedures, 18.7
 - budgets, 18.7(a)(iv)
 - general, 18.7(a)
 - physical safeguards, 18.7(a)(i)
 - reconciliations, 18.7(a)(iii)
 - specific procedures, 18.7(b)
 - use of standard costs, 18.7(a)(v)
 - written policies, 18.7(a)(ii)
 - counting (determining quantities), 18.4
 - definition, 18.2(b)
 - disclosure, 8.8(b)(iii), 18.9
 - GAAP requirements, 18.9(a)
 - SEC requirements, 18.9(b)
 - flow of costs (cost-based inventory methods), 18.6, 18.6(a)
 - average cost, 18.6(d)
 - FIFO, 18.6(b)
 - LIFO, 18.6(c)
 - other assumptions, 18.6(f)
 - specific identification, 18.6(e)
 - mining company, 27.7(c)
 - OBS financing techniques, 14.4(c)(vii)
 - overview, 18.1
 - tax regulations effect, 18.8
 - capitalization of indirect costs, 18.8(b)
 - introduction, 18.8(a)
 - write-downs, 18.8(c)
 - types of, 18.3
 - consignment, 18.3(c)
 - contract production, 18.3(f)
 - manufacturing, 18.3(b)
 - miscellaneous, 18.3(i)
 - products maturing in more than one year, 18.3(g)
 - repossessed, 18.3(e)
 - retail-wholesale, 18.3(a)
 - spare parts, 18.3(h)
 - trade-in, 18.3(d)
 - valuation methods, 18.5
 - above cost, 18.5(d)
 - control procedures, 18.5(i)
 - cost, 18.5(a)
 - gross margin method, 18.5(g)
 - lower of cost or market, 18.5(b)
 - net realizable value, 18.5(f)
 - purchase business combination, 18.5(h)
 - replacement cost, 18.5(e)
 - retail method, 18.5(c)
- Investigative services, bankruptcy, 43.7(d). *See also* Forensic accounting/litigation consulting
- Investment Advisors Act (1940), 2.2(a)(i), 2.2(a)(vi), 3.1(a), 3.1(b)
- Investment banks, 29.1(c)(v)
- Investment companies, 29.1(c)(iii), 29.4
 - accounting for, 29.4(c)
 - background, 29.4(a)
 - exemption, SFAS No. 95, 12.1(d)(iv)
 - filings, 29.4(f)
 - financial reporting, 29.4(d)
 - fund operations, 29.4(b)
 - offshore funds, 29.4(h)
 - partnerships, 29.4(g)
 - scope of SFAS No. 95, 12.6
 - SEC statutes, 29.4(a)(i)
 - taxation, 29.4(e)
 - types of, 29.4(a)(ii)
- Investment Company Act of 1940, 2.2(a)(vi), 3.1(a), 3.1(b)
- Investment Management, SEC Division of, 3.1(b)
- Investments, *see also* Loans
 - analysis of, 14.3(o)
 - cash classification, 12.1(g)(i)
 - debt securities, 16.5
 - health care industry, 34.3(l)
 - not-for-profits, 33.2(h), 33.2(i)
 - OBS financing techniques, 14.4(c)(vii)
 - statement of cash flows, 8.6(b)
- Investment tax credit, 22.3
 - background and introduction, 22.3(a)
 - conceptual approaches/controversy, 22.3(b)
 - Conceptual Framework, 1.2(c)(ii)
 - deferral method, 22.3(c)
 - financing leases, 22.3(e)

- Investment tax credit (*Continued*)
 - flow-through method, 22.3(d)
 - utilities, 31.11(a)(vii)
- Investor Education and Assistance, SEC
 - Office of, 3.1(b)
- Job-order costing, 18.5(a)(i)
- Joint Ethics Enforcement Program (JEEP),
 - 2.4(a)(iii), 2.4(b)
- Joint ventures, 40.1(b), 40.8. *See also*
 - Partnerships
 - accounting by, 40.8(b)
 - accounting for investments in, 40.8(c)
 - combination of methods, 40.8(c)(ii)
 - financial statements presentation, 40.8(c)(i)
 - income tax issues, 40.8(c)(iii)
 - current developments, 40.8(d)
 - definition, 40.8(a)
 - health care industry, 34.3(t)(v)
 - OBS financing techniques, 14.4(c)(vii)
- Land, *see* Property/plant/equipment; Real estate industry
- Last in/first out inventory (LIFO), 18.6(c)
 - and business combinations, 10.3(g)(iii)
 - dollar-value method, 18.6(c)(ii)
 - double-extension technique, 18.6(c)(iii)
 - and interim financial reporting, 13.3(c)(ii), 13.3(c)(iii)
 - link-chain technique, 18.6(c)(iv)
 - lower of cost or market considerations, 18.5(b)(i)
 - new items, 18.6(c)(vii)
 - other matters, 18.6(c)(viii)
 - retail LIFO method, 18.6(c)(v)
 - specific goods method, 18.6(c)(i)
 - valuing current-year layer, 18.6(c)(vi)
- Lawsuits, *see* Forensic accounting/litigation consulting
- LBO, *see* Leveraged buyout (LBO)
- Lease(s), 21.1–21.12
 - accounting issues/pronouncements, 21.2
 - business combinations, 21.10(f)
 - classification, lessee, 21.2(a)
 - classification, lessor, 21.2(b)
 - definitions of terms, 21.2(c)
 - executory contracts, 21.10(j)
 - provision changes, 21.10(d)
 - related parties, 21.10(b)
 - renewal/extension/termination, 21.10(e)
 - residual value change, 21.10(g)
 - sale and leaseback, 21.10(h)
 - subleases, 21.10(c)
 - third party, 21.10(a)
- advantages/disadvantages of, 21.1
- assignment of purchase price to, 10.3(g)(vi)
- background and introduction, 21.1
- capital leases, 21.4
 - accounting for, 21.4(a)
 - disclosure, 21.4(b)
 - example, 21.4(c)
- definitions of terms, 21.2(c)
- direct financing leases, 21.5
 - accounting for, 21.5(a)
 - example, 21.5(b)
 - sale or assignment of property subject to, 21.7
- disclosures, examples, 21.11
- health care industry, 34.3(o)
- intangible asset accounting (favorable
 - leases/leasehold rights)
 - amortization, 20.5(d)(ii)
 - capitalizable amounts, 20.5(d)(i)
- investment credits and financing, 22.2(e)
- leveraged, 21.8
 - accounting, 21.8(a)
 - disclosures, 21.8(b)
- as liabilities (long-term), 23.8(c)
- operating, 21.3
 - example, 21.3(d)
 - lessee accounting, 21.3(a)
 - lessee disclosures, 21.3(b)
 - lessor accounting, 21.3(c)
- real estate, 21.9
 - building part, 21.9(a)
 - land and buildings, 21.9(b)
 - land and equipment, 21.9(c)
 - land only, 21.9(a)
- sales-type, 21.6
 - accounting for, 21.6(a)
 - example, 21.6(b)
 - revenue recognition, 17.4(a)(i)
 - sale or assignment of property subject to, 21.7
 - selected transaction guidance, 21.10(i)
- Legacies:
 - abatement, 41.1(i)(xix)
 - deductions, 41.1(i)(xx)
 - lapsed, 41.1(i)(xxi)
 - payment, 41.1(i)(xviii)
- Leveraged buyout (LBO)
 - accounting for, 10.4(d)
 - illustrated, 10.4(h)
 - carrying amount
 - determining, 10.4(f)

- limitation on, 10.4(g)
- change in control, 10.4(e)
 - no change in control, 10.4(e)(iii)
 - objective criteria, 10.4(e)(i)
 - subjective criteria, 10.4(e)(ii)
- definition, 10.4(a)
- as fraudulent transfer, 43.3(h)(i)
- historical perspective, 10.4(c)
- IASC standard No. 22, 10.4(i)
- structure, 10.4(b)
 - financing arrangements, 10.4(b)(iii)
 - legal form, 10.4(b)(i)
 - management participation, 10.4(b)(ii)
 - tax considerations, 10.4(b)(iv)
- Leveraged leases, 21.8
 - accounting for, 21.8(a)
 - disclosures, 21.8(b)
 - SFAS No. 109, 22.2(c)(ii)
- Liabilities, 23.1–23.11. *See also* Liabilities,
 - current; Liabilities, long-term
 - accounts payable, trade, 23.3(c)
 - balance sheet, 8.3(b)
 - business combinations
 - assignment of purchase price to, 10.3(g)(xii)
 - identifying acquired, 10.3(f)
 - credit balance, not liabilities, 23.1(a)(ii)
 - definition, 23.1(a)
 - disclosure about fair value of financial instruments, 23.1(d)
 - executory contracts as, 23.1(a)(i)
 - extinguishment, 23.9
 - FASB defines, 1.2(d), 1.3(b)(iii)
 - as fundamental elements of financial statements, 1.3(a)(iii)
 - interest as, 23.2
 - loan transfers, 16.4(c)(iii), 16.4(c)(x)
 - measurement, 23.1(c)
 - nature, 23.1
 - noncurrent, on balance sheet, 8.3(b)(ii)
 - offsetting against assets, 23.1(b)
 - personal financial statements, 39.4
 - selected financial instruments, 23.10
- Liabilities, current, 23.3
 - accounts payable, trade, 23.3(c)
 - accrued expenses, 23.3(f)
 - commissions/fees, 23.3(f)(iv)
 - federal income taxes, 23.3(f)(v)
 - interest payable, 23.3(f)(i)
 - payroll, accrued, 23.3(f)(ii)
 - property taxes, 23.3(f)(vi)
 - rent liabilities, 23.3(f)(vii)
 - vacation pay, 23.3(f)(iii)
 - advances from officers/employees, 23.3(g)
 - contingencies, 23.3(j)
 - environmental liabilities, 23.3(j)(x)
 - general reserves for contingencies not permitted, 23.3(j)(viii)
 - likelihood of, 23.3(j)(i)
 - litigation/claims/assessments, 23.3(j)(vii)
 - loss, accrual, 23.3(j)(iii), 23.3(j)(iv)
 - loss, disclosure, 23.3(j)(v)
 - loss, examples, 23.3(j)(ii)
 - uninsured risks, 23.3(j)(vi)
 - vulnerability from concentrations, 23.3(j)(xi)
 - warranty obligations, 23.3(j)(ix)
 - deferred revenue, 23.3(i)
 - dividends payable, 23.3(h)
 - exit/disposal activity obligations, 23.3(k)
 - foreign currency translation, 23.3(m)
 - guarantee obligations, 23.3(l)
 - kinds of, summarized, 23.3(b)
 - nature of, 23.3(a)
 - classification of obligations callable by creditor, 23.3(a)(iii)
 - demand notes, 23.3(a)(iv)
 - long-term obligations approaching maturity, 23.3(a)(i)
 - short-term obligations to be refinanced, 23.3(a)(ii)
 - subjective acceleration clause in long-term debt agreements, 23.3(a)(v)
 - notes payable, bank, 23.3(d)
 - notes payable, trade and others, 23.3(e)
 - statement presentation, 23.3(n)
- Liabilities, long-term, 23.7, 23.8. *See also* Bonds
 - analysis, 14.4(c)
 - asset retirement obligations, 23.8(g)
 - balance sheet analysis, 23.7
 - borrowings on open account, 23.8(f)
 - deferred compensation contracts, 23.8(h)
 - deferred revenue obligations, 23.8(d)
 - expense accruals, 23.8(e)
 - income taxes, future, 23.8(i)
 - installment purchase contracts, 23.8(b)
 - leases, 23.8(c)
 - mortgages/long-term notes, 23.8(a)
 - pension plans, 23.8(h)
 - redeemable preferred stock, 23.8(k)
 - state and local accounting, 32.4(i)
 - deficit bonds, 32.4(i)(ii)
 - long-term debt, 32.4(i)(i)
 - summary of principles, 32.4(c)(vi)
 - unconditional purchase disclosure, 23.8(j)

- Life insurance proceeds, nonpublic companies valuation, 42.3(g)
- LIFO, *see* Last in/first out inventory
- Limited liability companies, 40.1(b)
- Limited partnerships, 40.6
 - accounting/financial reporting considerations, 40.6(d)
 - definition, 40.6(a)
 - different from general partnership, 40.6(b)
 - formation, 40.6(c)
- Lines of credit, disclosure of unused, 16.2(h)
- Liquidation of partnership, 40.5
- Liquidity:
 - analysis of, 14.4(b), 14.9
 - activity ratios, 14.4(b)(ii)
 - analytical ratios, 14.4(b)(i)
 - finance company debt analysis, 14.8(e)
 - MD&A requirements and examples, 6.2(b)(ii), 6.2(b)(iv)
 - revenue recognition, 17.3(f)(i)
- Litigation, *see* Forensic accounting/litigation consulting
- Loans, 16.4
 - accounting after origination/acquisition, 16.4(b)
 - banks and savings institutions, 29.2(o)
 - disclosures, 16.4(g)
 - guarantees, 17.6(h)
 - impairment, income recognition, 16.4(d)
 - initial recognition and measurement, 16.4(a)
 - notes received for capital stock, 16.4(f)
 - spreads, finance company debt analysis, 14.8(d)
 - transfers of, 16.4(c)
 - troubled debt restructurings, 16.4(e)
- Local governments, *see* Government (state and local)
- Look-back options, 37.6(l)
- Losses:
 - FASB concept statement definition, 1.3(b)(iii)
 - material, income statements, 9.4
- MACRS (modified accelerated cost recovery systems), 19.13(b)
- Maintenance and repairs, 19.4(b)
- Managed care companies, revenue, 34.3(e)
- Management accounting, 1.1(b)
- Management discussion and analysis (MD&A)
 - AICPA
 - Statement on Standards, 6.3
 - State of Position (SOP) 94-6, 6.4
 - introduction, 6.1
 - SEC requirements for, 6.2
 - 1989 FFR No. 36, 6.2(b)(iv)
 - current, 6.2(b)
 - example disclosures, 6.2(b)(iv)
 - previous, 6.2(a)
 - subsequent deliberations, 6.2(c)
 - state and local governments, 32.5
- Management representation letter, 26.2(d)(vii)
- Manufacturing inventory, 18.3(b)
 - finished goods, 18.3(b)(iii)
 - raw materials, 18.3(b)(i)
 - supplies, 18.3(b)(iv)
 - work in progress, 18.3(b)(ii)
- Margin analysis, 14.2(c)(ii), 14.9
- Marital dissolution:
 - litigation, 44.6(b)(i)
 - valuation of nonpublic companies, 42.3(k)
- Market efficiency, 2.1(b)(ii)
- Market Regulation, SEC Division of, 3.1(b)
- Matching of costs and revenues, *see* Proper matching
- Materiality:
 - accounting information, 1.3(b)(ii)
 - accounting changes, 9.5(f)
 - Securities Act of 1933, 3.2(c)
 - aggregating and netting misstatements, 3.2(c)(ii)
 - assessing, 3.2(c)(i)
 - implementation questions, 3.2(c)(iv)
 - intentional immaterial misstatements, 3.2(c)(iii)
- Material management and accounting systems (MMAS), federal contracts, 35.2(c)
- Measurement and attributes:
 - discontinued operations date, 9.2(a)
 - FASB Concept Statements, 1.3(b)(iv)
- Mergers and acquisitions, *see also* Business combinations, accounting for
 - analysis of, 14.3(j)
 - and postemployment benefits, 14.3(i)(iii)
- Mining, 27.6–27.12
 - costs, accounting for, 27.7
 - commodities, futures transactions, 27.7(d)
 - environmental concerns, 27.7(e)
 - exploration/development costs, 27.7(a)
 - impairment of long lived assets, 27.7(g)
 - inventory, 27.7(c)
 - production costs, 27.7(b)
 - shut-down of mines, 27.7(f)

- financial statement disclosures, 27.11
- hard-rock, 27.6
 - mining operations, 27.6(a)
 - sources of GAAP, 27.6(b)
- income taxes, accounting for, 27.10
- ore reserves, supplemental financial statement information, 27.9
- revenues, accounting for, 27.8
 - sales of minerals, 27.8(a)
 - tolling/royalty revenues, 27.8(b)
- Minority interests:
 - acquisition of, 10.3(c)
 - stockholders' equity, 25.8(a)
- Misstatements, *see* Materiality
- Modified accelerated cost recovery systems (MACRS), 19.13(b)
- Mortgage banking activities, 29.1(c)(ii), 29.3.
 - See also* Banks and savings institutions
 - accounting guidance, 29.3(b)
 - intangible assets, 20.6(c)
 - loans and securities sales, 29.2(q), 29.3(e)
 - loans held for investment, 29.3(d)
 - loans held for sale, 29.3(c)
 - overview, 29.3(a)
 - servicing rights, 29.3(f), 29.3(g)(i)
 - taxation, 29.3(g)
 - mark to market, 29.3(g)(ii)
 - servicing rights, 29.3(g)(i)
- Mortgages:
 - accounting by participating borrowers, 28.9(e)
 - as long-term liability, 23.8(a)
- Movie industry, *see* Film industry
- Moving costs, 20.5(h)
- Municipal Securities, SEC Office of, 3.1(b)
- Munn v. Illinois*, 31.2(a)
- Music industry:
 - intangible assets, 20.6(j)
 - revenue recognition, 17.4(b)(iv)
- National Association of State Boards of Accountancy (NASBA), 2.2(c)
- National Council on Government Accounting (NCGA), 32.3(a)
- Natural resources, *see* Mining;
 - Oil/gas/natural resources
- Neutrality, of accounting information, 1.3(b)(ii)
- New York Stock Exchange, 1.2(a)
- SEC and, 2.2(a)(i)
- Noncash transactions, 12.2(e)
- Nondistortion of periodic net income, 1.2(d)(i)–1.2(d)(iii)
- Nonexchange transaction, government, 32.4(c)(v)
- Nonmonetary exchanges of fixed assets, 17.4(a)(i)
- Nonprofits, *see* Not-for-profit organizations
- Nonpublic company valuation, 42.1–42.6
 - court decisions, 42.4
 - definitions, 42.1
 - general procedure, 42.2
 - background compilation, 42.2(a)
 - discounted future benefit approaches, 42.2(g)
 - dividend-paying capacity estimation, 42.2(d)
 - financial information compilation, 42.2(b)
 - formula use, 42.2(h)
 - guideline company selection, 42.2(c)
 - market value ratios application, 42.2(f)
 - net asset value approach, 42.2(i)
 - valuation ratio judgmental modification, 42.2(e)
 - purposes, 42.1(b)
 - special situations, 42.3
 - controlling interest, 42.3(p)
 - employee stock ownership plan, 42.3(j)
 - fifty-percent interest, 42.3(q)
 - holding companies, 42.3(d)
 - life insurance proceeds, 42.3(g)
 - low earnings, 42.3(c)
 - marital dissolutions, 42.3(k)
 - nonoperating assets, 42.3(f)
 - nonvoting stock, 42.3(o)
 - preferred stock, 42.3(i)
 - real estate companies, 42.3(e)
 - restrictive agreements, 42.3(l)
 - S corporations, 42.3(m)
 - service companies, 42.3(b)
 - start-up companies, 42.3(n)
 - strong financial position, 42.3(h)
 - wholesale/retail companies, 42.3(a)
 - valuation analysis, sample condensed, 42.5
- Nonpublic investment partnerships, 40.7
- Notes:
 - demand, 23.3(a)(iv)
 - payable, 23.3(d), 23.3(e)
 - receivable, 17.2(c)
- Not-for-profit accounting, 33.1–33.5
 - accrual basis, 33.2(b)
 - appropriations, 33.2(e)
 - audit considerations, 33.4
 - audit requirements, government, 33.1(b)
 - cash basis, 33.2(b)

Not-for-profit accounting (*Continued*)

cash flows, 33.2(l)
 colleges/universities, 33.3, 33.3(b)
 encumbrance accounting, 33.3(b)(ii)
 fund accounting, 33.3(b)(i)
 contributed services requiring specialized skills, 33.2 (appendix)
 contributions, 33.2(j)
 expendable current support, 33.2(j)(i)
 gifts-in-kind, 33.2(j)(ii)
 support not currently expendable, 33.2(j)(iii)
 transfer of assets to entity that raises or holds contributions for others, 33.2(j)(iv)
 depreciation, 33.2(g)
 FASB concept statement, 1.3(b)(iii), 2.3(a)(v)
 fixed assets, 33.2(f)
 fund accounting, 33.2(c)
 governmental versus nongovernmental reporting, 33.2(m)
 health/welfare organizations, voluntary, 33.3, 33.3(a)
 balance sheet, 33.3(a)(i), 33.3(a)(ii)
 statement of cash flows, 33.3(a)(i), 33.3(a)(iv)
 statement of functional expenses, 33.3(a)(i), 33.3(a)(v)
 statement of support/revenue/expenses/asset changes, 33.3(a)(i), 33.3(a)(iii)
 investments
 gains/losses, 33.2(i)
 income, 33.2(h)
 objectives of financial reporting by, FASB concept statements, 1.3(b)(i)
 operating or nonoperating items, 33.6 (appendix)
 “other” entities, 33.3(c)
 pledges, bona fide, 33.4 (appendix)
 pledges, conditional or restricted, 33.5 (appendix)
 principles, current status, 33.1(a)
 purchasing services not provided by donations, 33.3 (appendix)
 reclassifications, 33.2(c)(i), 33.2(d)
 related organizations, 33.2(k)
 pass-through gifts, 33.2(k)(ii)
 reporting entity definition, 33.2(k)(i)
 reporting requirements, 33.2
 restricted grants distinguished from

 contracts for purchase of goods, 33.1 (appendix)
 revenue recognition, 17.4(b)(i)
 scope of SFAS No. 95 and, 12.1(d)(ii)
 Notional amount, 24.1(b)(iiv)
 Nuclear fuel decommissioning costs, 31.11(d)(iii)
 Off-balance-sheet (OBS) obligations, 14.4(c)(vi)
 financing techniques, 14.4(c)(vii)
 Office of the Comptroller of the Currency (OCC), 29.2(c), 29.2(c)(i)
 Office of Thrift Supervision (OTS), 29.2(c), 29.2(c)(iv)
 Officers/directors:
 reporting change in, 3.6(b)(vi)
 Sarbanes-Oxley Act, 3.1(e)(i)
 Offshore investment funds, 29.4(h)
 Oil/gas/natural resources, 27.1–27.5, 27.9–27.12. *See also* Mining
 accounting methods, acceptable, 27.4
 full cost, 27.4(b)
 successful efforts, 27.4(a)
 exploration/production operations, 27.2
 financial statement disclosures, 27.11
 financial statements, ore reserves, 27.9
 income taxes, accounting for, 27.10
 introduction, 27.1
 joint operations, accounting for, 27.3
 nonoperator, 27.3(b)
 operator, 27.3(a)
 other procedures, 27.3(c)
 standards overview, 27.3(d)
 natural gas imbalances, 27.5
 entitlements method, 27.5(b)
 example, 27.5(c)
 sales method, 27.5(a)
 Operating activities:
 cash classification, 12.1(g)(iii), 12.1(g)(iv)
 distinguishing expenditures, 19.4(a)
 Operating leases, 21.3
 example, 21.3(d)
 lessee accounting, 21.3(a)
 lessee disclosures, 21.3(b)
 lessor accounting, 21.3(c)
 Operating leverage, 14.2(c)(iv)
 Operations:
 MD&A requirements and examples, 6.2(b)(i)
 statement of cash flows, 8.6(a)
 Options/warrants/equivalents, 9.10(c)(ii), 29.2(x)(iii)
 Organization costs (intangible assets), 20.5(e)

- Overdrafts, 16.2(d)
- Overhead:
 - costing allocation, 18.5(a)(vi)
 - costing component, 18.5(a)(v)
 - self-constructed assets, 19.2(b)
- Ownership:
 - investment distributions by, 1.3(b)(iii)
 - property expenditures during, 19.4
- Par and no value stock, *see* Shareholders' equity
- Parent-company-only financial information, 3.4(i)
- Partnerships, 40.1–40.7, 40.9. *See also* Joint ventures
 - accounting for changes in firm membership, 40.3
 - adjustment of capital ratios, 40.3(f)
 - effect of change in partners, 40.3(a)
 - new partner's investment to acquire interest, 40.3(c)
 - new partner purchasing interest, 40.3(b)
 - withdrawing partner, settling through firm funds, 40.3(e)
 - withdrawing partner, settling with outside funds, 40.3(d)
 - accounting for operations, 40.2
 - average capital ratio example, 40.2(c)
 - closing operating accounts, 40.2(e)
 - income taxes, 40.2(f)
 - peculiarities, 40.2(a)
 - profit/loss divisions, 40.2(b)
 - transactions between partner/firm, 40.2(d)
 - advantages/disadvantages of, 40.1(b)
 - balance sheet, initial, 40.1(f)
 - definition, 40.1(a)
 - dissolution, 44.6(b)(ii)
 - formation, 40.1(e)
 - importance, 40.1(d)
 - incorporation, 40.4
 - limited, 40.6
 - accounting/financial reporting considerations, 40.6(d)
 - definition, 40.6(a)
 - different from general partnership, 40.6(b)
 - formation, 40.6(c)
 - nonpublic investment, 40.7
 - realization/liquidation, 40.5
 - basic considerations, 40.5(a)
 - capital credits only (capital deficiency of one partner), 40.5(d)(i)
 - capital credits only (no deficiency), 40.5(d)
 - liquidation by installments, 40.5(c), 40.5(d)(ii)
 - liquidation by single cash distribution, 40.5(b)
 - tax considerations, 40.1(c)
- Past transaction/event, 1.3(b)(iii)
- Patents:
 - amortization, 20.5(f)(ii)
 - capitalizable amounts, 20.5(f)(i)
- Payrolls, accrued, 23.3(f)(ii)
- Pension plans, 36.1, 36.8. *See also* Pension plans, plan accounting; Pension plans, sponsor accounting; Postemployment benefits; Postretirement benefits
 - accounting standards evolution, 36.1(d)
 - administration, 36.1(c)
 - allocation of purchase price to, 10.3(g)(ix)
 - development of private system, 36.1(b)
 - health care industry, 34.3(s)
 - introduction, 36.1(a)
 - long-term liability accounting, 23.8(h)
- Pension plans, plan accounting, 36.5
 - actuarial present value/accumulated plan benefits, 36.5(e)
 - changes in, 36.5(f)
 - background, 36.5(a)
 - defined contribution plans, 36.5(j)
 - financial statements
 - decisions required, 36.5(i)
 - disclosures, 36.5(h)
 - illustrative, 36.5(g)
 - objective/content of, 36.5(b)
 - medical benefits, defined benefit plans, 36.5(k)
 - net assets available for benefits, 36.5(c)
 - changes in, 36.5(d)
- Pension plans, sponsor accounting, 36.2
 - annuity contracts, 36.2(i)
 - basic elements, 36.2(c)
 - defined contribution plans, 36.2(j)
 - financial statement disclosures, 36.2(h)
 - funding and income tax accounting, 36.2(n)
 - interim measurements, 36.2(g)
 - liabilities, 36.2(f)
 - multiemployer plans, 36.2(l)
 - multiple employer plans, 36.2(m)
 - net periodic pension cost, 36.2(d)
 - nonqualified plans, 36.4
 - assets, 36.4(b)
 - defined benefit plans, 36.4(d)
 - defined contribution plans, 36.4(c)
 - versus qualified plans, 36.4(a)
 - nonrecurring events, 36.3

- Pension plans, sponsor accounting
 - (*Continued*)
 - business combinations, 36.3(g)
 - curtailment, 36.3(c)
 - disclosure requirements, 36.3(i)
 - disposal of business, 36.3(d)
 - illustration, 36.3(j)
 - overview, 36.3(a)
 - plan merger/spinoff/termination, 36.3(e)
 - sequence of measurement steps, 36.3(h)
 - settlement, 36.3(b)
 - termination benefits, 36.3(f)
- non-U.S. plans, 36.2(k)
- plan assets, 36.2(e), 36.2(f)
- SFAS No. 87
 - applicability, 36.2(b)
 - contrasted to SFAS No. 106, 36.6(b)
 - scope, 36.2(a)
- Personal injury litigation, 44.6(b)(iii)
- Physician practice management company (PPM), 34.4(c)
 - business combination issues, 34.4(c)(ii)
 - consolidation and “employee” status, 34.4(c)(v)
 - establishment of controlling financial interest, 34.4(c)(i)
 - financial reporting, 34.4(c)(vi)
 - purchase versus pool accounting, 34.4(c)(v)
 - SEC reporting, 34.4(c)(vii)
- Plants, *see* Property/plant/equipment
- Pledges, *see* Not-for-profit accounting, contributions
- Political issues, FASB, 2.3(a)(vi)
- Postemployment benefits, 36.7. *See also* Pension plans; Postretirement benefits
 - analysis, 14.3(i)
 - actuarial assumptions, 14.3(i)(ii)
 - mergers and acquisitions, 14.3(i)(iii)
 - SFAS No. 106 disclosures, 14.3(i)(i)
 - background, 36.7(a)
 - health care industry, 34.3(s)
 - SFAS No. 112, 36.7(b)
- Postretirement benefits, 36.6. *See also* @IND1:Pension plans; Postemployment benefits
 - actuarial assumptions, 36.6(c)
 - disclosures, 36.6(e)
 - nonrecurring events, 36.6(d)
 - regulated utilities, 31.11(c)
 - SFAS No. 106, 36.6(b)
 - compared to SFAS. No. 87, 36.6(b)
- Postulates and principles, 1.2(c)(i)
- Preferability letter, 9.5(h)
- Preferred stock, *see also* Shareholders’ equity
 - disclosure of information about capital structure, 25.9
 - nonpublic company valuation, 42.3(i)
 - ratios, 14.4(c)(v)
- Prepaid health care plans, 34.4(b)
 - acquisition costs, 34.4(b)(v)
 - billing/reconciliation, 34.4(b)(vi)
 - expense recognition issues, 34.4(b)(i)
 - loss contracts, 34.4(b)(ii)
 - risk pools, 34.4(b)(iii)
 - stop-loss insurance, 34.4(b)(iv)
- Present value, 1.3(b)(v), 2.3(a)(v)
- Price-change reporting, 15.1–15.4
 - current cost reporting, 15.1(b), 15.2
 - FASB Statement No. 33
 - current cost reporting, 15.1(b)
 - failure of, 15.3
 - inflation reporting, 15.1(a)
 - financial statement analysis, 14.3(g)
 - inflation reporting, 15.1(a), 15.2
- Prior period adjustments:
 - income statement, 9.6
 - other, 25.7(d)
 - retained earnings, 25.7(c)
 - unaudited, 26.3(e)(iii)
- Private Companies Practice Section (PCPC), 2.4(a)(i)
- Probate, 41.1(e), 41.1(f), 41.1(g)
- Process costing, 18.5(a)(ii)
- Product defects, revenue adjustments, 17.5(g)
- Product financing arrangement, revenue recognition, 17.4(a)(iii)
- Professional accounting
 - societies/organizations, 2.3(e)(iii), 2.4
- Projections, *see* Financial statements, prospective
- Project management systems, federal contracts, 35.2(d)
- Proper matching, 1.2(b)(ii), 1.2(d)(i)–1.2(d)(iii), 1.3(a)(iii)
- Property dividends, 25.7(i)
- Property/plant/equipment, 19.1–19.7, 19.14–19.15. *See also* Depreciation
 - asset retirement obligations, 19.6
 - initial recognition/measurement, 19.6(a)
 - subsequent recognition/measurement, 19.6(b)
 - balance sheet analysis, 14.4(c)(viii)
 - bankruptcy use of, 43.5(a)
 - closing costs, 10.3(c)(ii)

- cost, assets held for research/development, 19.2(e)
- cost, determining, 19.2(a)
 - acquisition by exchange, 19.2(a)(i)
 - acquisition by issuing debt, 19.2(a)(ii)
 - acquisition by issuing stock, 19.2(a)(iii)
 - donated assets, 19.2(a)(v)
 - mixed acquisition for lump sum, 19.2(a)(iv)
- cost, interest capitalized, 19.2(c)
- cost, land, 19.2(d)
 - carrying charges, 19.2(d)(iii)
 - interest, 19.2(d)(ii)
 - purchase options, 19.2(d)(i)
- cost, overhead on self-constructed assets, 19.2(b)
- disclosure, 8.8(b)(iii)
- disposals, 19.5
 - casualties, 19.5(b)
 - retirements/sales/trade-ins, 19.5(a)
- expenditures during ownership, 19.4
 - asbestos removal/containment, 19.4(f)
 - capital versus operating, 19.4(a)
 - environment contamination treatment, 19.4(g)
 - maintenance/repairs, 19.4(b)
 - rearrangement/reinstallation, 19.4(e)
 - rehabilitation, 19.4(d)
 - replacements/improvements/additions, 19.4(c)
- financial statement presentation/disclosure, 19.14
 - construction in progress, 19.14(b)
 - fully depreciated/idle assets, 19.14(d)
 - general requirements, 19.14(a)
 - impairment of assets, 19.14(e)
 - retirement, gain/loss on, 19.14(c)
 - segment information, 19.14(f)
- health care industry, 34.3(n)
- impairment of value, 19.3
 - assets to be disposed of, 19.3(c)
 - assets to be held and used, 19.3(b)
 - authoritative pronouncements, 19.3(a)
- jointly owned utility, 31.11(d)(iii)
- nature of, 19.1
- real estate costs, 28.3(n)
- recent developments, 19.7
 - acquisition-or-construction stage, 19.7(c)
 - component accounting, 19.7(f)
 - effect on current practice, 19.7(g)
 - in-service stage, 19.7(d)
 - planned major maintenance activities, 19.7(e)
 - preacquisition stage, 19.7(b)
 - preliminary stage, 19.7(a)
- service life, 19.9
 - effect of maintenance, 19.9(c)
 - factors affecting, 19.9(b)
 - leasehold improvements, 19.9(e)
 - physical life distinguished from, 19.9(a)
 - revisions of estimated, 19.9(f)
 - statistical methods of estimating, 19.9(d)
 - tax liability, 23.3(f)(vi)
- Prospective financial statements, *see* Financial statements, prospective
- Proxy statements, 3.7
 - overview of, 3.7(a)
 - Regulation 14A, 3.7(b)
 - review requirements, 3.7(c)
- Public Company Accounting Oversight Board (PCAOB), 2.1(e)(i), 2.2(b)(i), 3.1(a), 3.1(b)
- AICPA and, 2.4(a)(i)
- implications for independent auditors, 3.1(e)(iii)
- SEC Office of the Chief Accountant and, 2.2(a)(iv)
- Public utilities, *see* Utilities, regulated
- Public Utility Holding Company Act of 1935, 2.2(a)(vi)
- Purchase method of accounting, 10.3
 - acquired company, determining cost of, 10.3(b)
 - fair value of, 10.3(b)(iii)
 - fair value of consideration given, 10.3(b)(i)
 - options of acquiree, 10.3(b)(ii)
 - shares exchanges in purchase business combination (when to value), 10.3(b)(iv)
 - acquiring company, determining, 10.3(a)
 - applying purchase price to reverse acquisition, 10.3(a)(ii)
 - reverse acquisition, 10.3(a)(i)
 - allocation period, 10.3(j)
 - consolidated balance sheet, 11.4
 - consolidated financial statements, 11.5
 - contingent consideration, 10.3(d)
 - adjustment of acquisition cost/compensation expense, 10.3(d)(iv)
 - based on earnings, 10.3(d)(i)
 - based on security prices, 10.3(d)(ii)
 - earnings per share consequences of contingent share arrangements, 10.3(d)(iii)

- date used to record acquisition, 10.3(l)
- direct costs of acquisition, 10.3(c)
 - discretionary costs in purchase business combination, 10.3(c)(iv)
 - employees, payments to (acquisition cost versus compensation arrangements, 10.3(c)(iii)
 - incurred by acquiree, 10.3(c)(i)
 - plant closing/employee severance, 10.3(c)(ii)
- disclosures
 - classification of acquired securities, 10.3(m)(ii)
 - pro forma, 10.3(m)(i)
 - in SEC filings, 10.3
- effective data and transmission, 10.3(p)
- goodwill purchased, 11.2(e)
- identifying assets acquired and liabilities assumed, 10.3(f)
- illustrations, 10.3(o)
- loan losses, SAB No. 61, 10.3(k)
- minority interests, acquisition of, 10.3(e)
 - exchange of ownership interests between entities under common control, 10.3(e)(i)
 - simultaneous common control mergers, 10.3(e)(ii)
- preacquisition contingencies, 10.3(h)
- purchase price allocation, 10.3(g)
 - to assets to be sold, 10.3(g)(viii)
 - deferred taxes associated with acquired identifiable intangible assets with no tax basis, 10.3(g)(xiv)
 - determining costs to complete/selling costs/normal profit margin, 10.3(g)(iv)
 - income tax effects, 10.3(g)(xiii)
 - to inventories, 10.3(g)(ii)
 - to leases, 10.3(g)(vi)
 - to liabilities existing at acquisition date, 10.3(g)(xii)
 - LIFO inventories, 10.3(g)(iii)
 - negative goodwill, 10.3(g)(i)
 - to noncurrent tangible/intangible assets, 10.3(g)(v)
 - to pensions, 10.3(g)(ix)
 - postemployment benefits of acquiree, 10.3(g)(xi)
 - postretirement benefits of acquiree, 10.3(g)(x)
 - research and development acquired, 10.3(g)(vii)
 - SEC staff concerns, 10.3(g)(xvii)
 - tax law changes, 10.3(g)(xv)
 - when less than 100% acquired, 10.3(g)(xvi)
 - pushdown accounting, 10.3(i)
 - reverse acquisition, 10.3(a)(i), 10.3(a)(ii)
- Purchase power contracts, 31.11(d)(i)
- Pushdown accounting, 10.3(i)
 - exceptions to parent company debt, 10.3(i)(ii)
 - financial statements, 14.3(k)
 - major pronouncements, 11.7(e)
 - of parent company debt, 10.3(i)(i)
- Qualitative characteristics of accounting information, 1.3(b)(ii), 2.3(a)(v)
- Quasi reorganizations:, 25.7(l)
 - income taxes, 22.2(c)(iv)
 - procedures, 25.7(l)(i)
 - retained earnings, 25.7(l)(ii)
- Real estate industry, 28.1–28.10. *See also*
 - Construction contracts; Real estate sales;
 - Rental property
- banks and savings institutions, 29.2(r)
- costs, 28.3
 - abandonments, 28.3(k)
 - amenities, 28.3(j)
 - capitalization costs, 28.3(a)
 - changes in use, 28.3(k)
 - environmental issues, 28.3(e)
 - foreclosed assets, 28.3(m)
 - general/administrative expenses, 28.3(i)
 - indirect project costs, 28.3(h)
 - interest costs, 28.3(f)
 - land acquisition costs, 28.3(c)
 - land improvement/development/
 - construction, 28.3(d)
 - preacquisition costs, 28.3(b)
 - property/plant/equipment, 28.3(n)
 - selling costs, 28.3(l)
 - taxes and insurance, 28.3(g)
- costs, allocation of, 28.4
 - area method, 28.4(iii)
 - specific identification method, 28.4(i)
 - value method, 28.4(ii)
- financial reporting, 28.9
 - accounting by participating mortgage loan borrowers, 28.9(e)
 - accounting policies, 28.9(b)
 - balance sheet, 28.9(a)(i)
 - current value/fair value, 28.9(d)
 - deferred taxes, 28.9(d)(i)
 - guarantees, 28.9(f)

- income statement, 28.9(a)(ii)
- note disclosures, 28.9(c)
- leases, 21.9
 - building part, 21.9(a)
 - land and buildings, 21.9(b)
 - land and equipment, 21.9(c)
 - land only, 21.9(a)
- nonpublic company valuation, 42.3(e)
- overview, 28.1
- revenue recognition, 17.4(b)(i)
- valuation issues, 28.5
 - assets to be disposed of, 28.5(b)
 - assets to be held and used, 28.5(a)
 - real estate development, 28.5(c)
- venture investments, 28.8
 - accounting background, 28.8(b)
 - affordable housing projects, tax benefits, 28.8(d)
 - investor accounting issues, 28.8(c)
 - organization of, 28.8(a)
- Real Estate Investment Trusts (REITs), 29.1(c)(ix)
- Real estate sales, 28.2. *See also* Real estate industry
 - accounting background, 28.2(b)
 - analysis of transactions, 28.2(a)
 - condominium sales, 28.2(g)
 - down payment adequacy, 28.2(d)
 - leaseback, 21.10(h)(iii)
 - receivable from buyer, 28.2(e)
 - amortization of, 28.2(e)(ii)
 - assessment of collectibility, 28.2(e)(i)
 - imputation of interest, 28.2(e)(v)
 - inadequate continuing investment, 28.2(e)(vi)
 - release provisions, 28.2(e)(iv)
 - subject to future subordination, 28.2(e)(iii)
- recording criteria, 28.2(c)
- retail land sales, 28.2
- seller's continued involvement, 28.2(f)
 - development/construction, 28.2(f)(ix)
 - guaranteed return of buyer's investment, 28.2(f)(v)
 - guaranteed return other than sale-leaseback, 28.2(f)(vi)
 - guaranteed return/sale-leaseback, 28.2(f)(vii)
 - initiation/support of operations, 28.2(f)(x)
 - lack of permanent financing, 28.2(f)(iv)
 - limited partnership with significant receivable, 28.2(f)(iii)
 - partial sales, 28.2(f)(xi)
 - participation solely in future profits, 28.2(f)(i)
 - repurchase option/obligation, 28.2(f)(ii)
 - services without adequate compensation, 28.2(f)(viii)
 - syndication fees, 28.2(i)
- Realizable value, 18.5(f)
- Receivables, *see also* Revenue
 - audit confirmation of, 26.2(d)(v)
 - credit card receivables, 17.2(d)
 - definition, 17.2(a)
 - OBS financing techniques, 14.4(c)(vii)
 - statement presentation, 17.7(b), 17.7(c)
 - types of accounts receivable, 17.2(b)
 - types of notes receivable, 17.2(c)
- Receivership, reporting of, 3.6(b)(iii)
- Reclamation, 43.3(k)
- Recognition and measurement:
 - asset retirement obligations, 19.6
 - deferred tax liabilities and assets, 22.2(b)
 - FASB conceptual framework, 1.3(b)(iv), 2.3(a)(v)
 - goodwill, 20.7(b)
 - intangible assets, 20.3
- Record/music industry:
 - intangible assets, 20.6(j)
 - revenue recognition, 17.4(b)(iv)
- Record-retention requirements, federal contracts, 35.2(f)
- Redeemable preferred stock, 3.4(m)
- Registrant, reporting change in, 3.6(b)(i)
- Registration costs, 20.5(g)
- Regulated utilities, *see* Utilities, regulated
- Related party transactions:
 - audit planning, 26.2(c)(ii)
 - disclosure, 8.8(a)(ii)
- Relevance, of accounting information, 1.3(b)(ii)
- Reliability, of accounting information, 1.3(b)(ii)
- Removal-of-accounts provision (ROAP), 16.4(c)
- Rental property, 28.7. *See also* Leases
 - ancillary revenue (rents), 17.6(d)
 - costs, 28.7(c)
 - depreciation, 28.7(d)
 - expense, 28.7(f)
 - income, 28.7(b)
 - liabilities, 23.3(f)(vii)
 - operations, 28.7(a)
 - initial, 28.7(e)
- Repairs and maintenance, 19.4(b)

- Replacement cost valuation, 18.5(e)
- Reporting entity, change in, 9.5(d)
- Reposessed inventory, 18.3(e)
- Representational faithfulness, of accounting information, 1.3(b)(ii)
- Repurchase agreements, 16.4(c)(iv), 29.2(u)(ii)
- Research/development costs:
 - acquired, 10.3(g)(vii)
 - assets held for, 19.2(e)
 - intangible assets, 20.5(i)
- Reserve and loss ratios, finance company debt analysis, 14.8(c)
- Resource providers, financial statements, 14.1(b)(i)
- Restructuring charges, income statement, 9.4(a)
- Retail industry:
 - income statement, 9.8(a)
 - inventory, 18.3(a), 18.5(c)
 - valuation of nonpublic companies, 42.3(a)
- Retained earnings, 25.7
 - appropriations of, 25.7(n)
 - cash dividends, 25.7(g)
 - defined, 25.7(a)
 - dividend dates, 25.7(f)
 - dividends, 25.7(e)
 - events affecting, 25.7(b)
 - liquidating dividends, 25.7(k)
 - other period adjustments, 25.7(d)
 - prior period adjustments, 25.7(c)
 - property dividends, 25.7(i)
 - quasi reorganization, 25.7(l)
 - restrictions on, 25.7(m)
 - scrap or liability dividends, 25.7(j)
 - stock dividends, 25.7(h)
 - working capital on balance sheet, 8.3(c)(ii)
- Revenue(s), 17.1–17.8
 - adjustments and aftercosts, 17.5
 - cash discounts, 17.5(d)
 - employee discounts, 17.5(d)
 - nature of, 17.5(a)
 - obligations related to product defects, 17.5(g)
 - sales allowances, 17.5(c)
 - sales returns, 17.5(b)
 - trade discounts, 17.5(d)
 - uncollectible receivables, 17.5(e)
 - warranties/guarantees, 17.5(f)
 - ancillary
 - by-product, 17.6(f)
 - dividends, 17.6(a)
 - interest, 17.6(b)
 - joint product, 17.6(f)
 - loan guarantees, 17.6(h)
 - profits on sales of miscellaneous assets, 17.6(c)
 - rents, 17.6(d)
 - royalties, 17.6(e)
 - scrap sale, 17.6(f)
 - shipping and handling fees, 17.6(g)
 - components of, 17.1(a)
 - definition, 17.1(a)
 - earning of, 17.1(c)(ii)
 - FASB concept statement definition, 1.3(b)(iii)
 - income statement, 8.4(a)
 - measurement, 17.1(c)(i)
 - measurement principles, interim reporting, 13.3(a)
 - realization, 17.1(c)(iii)
 - state and local government reporting of, 32.6(d)(ii)
 - statement presentation, 17.7
 - income statement, 17.7(a)
 - installment receivables, 17.7(c)
 - interest on receivables, 17.7(d)
 - single-payment accounts receivable, 17.7(b)
- Revenue and expense view of income, 1.3(a)(iii)
- Revenue recognition, 17.1(c)(iii)
 - accounting/reporting issues, 14.3(e)
 - alternatives, 17.1(d)
 - Conceptual Framework, 17.3(c)
 - criteria, 17.3, 17.3(a)
 - attributes measured by entry/exit values, 17.3(b)
 - characteristics of asset received, 17.3(f)
 - characteristics of revenue
 - event/transaction, 17.3(e)
 - characteristics of revenue recognized, 17.3(g)
 - outside US, 17.3(i)
 - need for additional guidance, 17.4(c)
- SEC views on, 17.3(h)
 - delivery and performance, 17.3(h)(ii)
 - fixed or determinable sales price, 17.3(h)(iii)
 - persuasive evidence of arrangement, 17.3(h)(i)
 - sales of leased/licensed departments, 17.3(h)(iiv)
- specialized industry problems, 17.4(b)
 - banking, 17.4(b)(i)
 - broadcasting, 17.4(b)(v)

- cable television, 17.4(b)(ii)
- construction, 17.4(b)(i)
- franchising, 17.4(b)(iii)
- Internet, 17.4(b)(vii)
- motion picture films, 17.4(b)(v)
- not-for-profit organizations, 17.4(b)(i), 34.3(d)
- real estate, 17.4(b)(i)
- record/music, 17.4(b)(iv)
- software, 17.4(b)(vi)
- special problems, 17.4(a)
 - barter transactions involving barter credits, 17.4(a)(vii)
 - contributions, 17.4(a)(i)
 - installment sales, 17.4(a)(i)
 - nonmonetary exchanges of fixed assets, 17.4(a)(i)
 - product financing arrangements, 17.4(a)(iii)
 - sale/leaseback arrangements, 17.4(a)(i)
 - sales of future revenues, 17.4(a)(vi)
 - sales-type leases, 17.4(a)(i)
 - sales with multiple deliveries, 17.4(a)(ix)
 - service transactions, 17.4(a)(v)
 - transfers of receivables, 17.4(a)(ii)
 - warranty/maintenance contracts (separately priced/extended), 17.4(a)(viii)
 - when right of return exists, 17.4(a)(iv)
 - utilities, 31.11(b)
- Reverse acquisitions, 10.3(a)
- Right of return, revenue recognition, 17.4(a)(iv)
- Risk and materiality, audit, 26.2(b)(v)
- Royalties:
 - ancillary revenue, 17.6(e)
 - license agreements, 20.5(j)
 - mining company, 27.8(b)
- Rules of evidence, federal, 44.5
- Sale/leaseback:
 - guaranteed returns, 28.2(f)(vii)
 - guidance, 21.10(h)
 - revenue recognition, 17.4(a)(i)
- Sales and revenue analysis, 14.2(b)
 - allowances, 17.5(c)
 - components of trends, 14.2(b)(iii)
 - incentives, 17.5(d)
 - returns, 17.5(b)
 - trend analysis, 14.2(b)(i), 14.2(b)(iv)
 - variability, 14.2(b)(ii)
- Sales-type leases, 21.6
 - accounting for, 21.6(a)
 - example of, 21.6(b)
 - revenue recognition, 17.4(a)(i)
 - sale or assignment of property subject to, 21.7
- Salvage value, 19.10(a)
- Sarbanes-Oxley Act (2002), 2.1(e)(i), 2.2(b)
 - AICPA and, 2.4(a)(i), 2.4(a)(ii)
 - auditor independence, 2.2(b)(ii)
 - corporate and criminal fraud accountability, 2.2(b)(v)
 - corporate fraud and accountability, 2.2(b)(viii)
 - corporate responsibility, 2.2(b)(iii)
 - corporate tax returns, 2.2(b)(vii)
 - enhanced financial disclosures, 2.2(b)(iv)
 - FASB, 2.3(a)(vi)
 - implications for audit committees, 3.1(e)(ii)
 - implications for independent auditors, 3.1(e)(iii)
 - implications for public company, 3.1(e)(i)
 - Public Company Accounting Oversight Board, 2.2(b)(i)
 - white-collar crime penalty enhancements, 2.2(b)(vi)
- Savings deposits, 29.2(t)(ii)
- Savings institutions, *see* Banks and savings institutions
- S corporations, nonpublic company valuation, 42.3(m)
- Scrap sales, ancillary revenue, 17.6(f)
- Scrip or liability dividends, 25.7(j)
- Secret formulas/processes, 20.5(k)
- Securities Act of 1933, 2.2(a)(i), 2.2(a)(vi), 3.1(a), 3.2
 - auditor's responsibilities, 3.2(b)
 - exemptions from registration, 3.2(e)
 - other, 3.2(e)(iii)
 - Regulation A, 3.2(e)(ii)
 - Regulation D, 3.2(e)(i)
 - "going private" transactions, 3.2(g)
 - initial filings, 3.2(h)
 - initiatives, other, 3.2(f)
 - litigation and violations, 44.6(a)(vi)
 - materiality, 3.2(c)
 - aggregating and netting misstatements, 3.2(c)(ii)
 - assessing, 3.2(c)(i)
 - implementation questions, 3.2(c)(iv)
 - intentional immaterial misstatements, 3.2(c)(iii)
 - small business integrated disclosure system, 3.2(d)
 - transactions covered, 3.2(a)

- Securities and Exchange Commission (SEC),
 2.1(e)(i), 2.2(a). *See also* Form 8-K;
 Form 10-K; Form 10-Q
 accounting profession and, 3.1(d)
 audit committees, 3.1(j)
 background, 2.2(a)(i)
 banks/savings institutions and, 29.2(k)
 business combinations, 10.3(g)(xvii)
 conceptual framework and, 1.2(b)(ii),
 1.2(c)(ii), 1.2(c)(iii)
 consolidated financial statements,
 rules/regulations on, 11.1(g)
 intercompany items and transactions,
 11.1(g)(ii)
 other disclosures, 11.1(g)(iii)
 selection of reporting entity, 11.1(g)(i)
 contact with staff, 3.1(k)
 creation of, 3.1(a)
 disclosure, interim reporting requirements,
 3.1(b)
 Division of Corporation Finance,
 2.2(a)(iii), 3.1(c)
 EDGAR (electronic filing system),
 3.1(c)(iv)
 extension of time to file, 3.1(c)(v)
 organization, 3.1(c)(ii)
 responsibilities, 3.1(c)(i)
 review procedures, 3.1(c)(iii)
 Division of Enforcement, 2.2(a)(v)
 earnings management, 4.1, 4.2
 earnings per share reporting requirements,
 9.15
 establishment, 1.2(a)(ii)
 FASB, 2.3(a)(vi)
 financial statements, prospective, 38.5(f)
 Foreign Corrupt Practices Act, 3.1(i)
 internal accounting control, 3.1(i)(ii)
 payments to foreign officials, 3.1(i)(i)
 fraud, 3.1(h)
 income statement presentation
 requirements, 9.8
 interim disclosure requirements, 13.4(d)
 inventory disclosures, 18.9(b)
 MD&A requirements, 6.2
 Office of the Chief Accountant, 2.2(a)(iv)
 organization of, 3.1(b)
 physician practice management company
 (PPM), 34.4(c)(vii)
 proposed rulemaking and other guidance
 acceleration of periodic report filing
 dates and disclosure concerning web
 site access to reports, 3.1(f)(i)
 critical accounting estimates, 3.1(f)(iv)
 disclosure in management's discussion
 and analysis about application of
 critical accounting policies,
 3.1(f)(iii)
 Form 8-K disclosure of certain
 management transactions, 3.1(f)(ii)
 initial adoptions of accounting policies,
 3.1(f)(v)
 proxy statements, 3.7
 overview, 3.7(a)
 Regulation 14A, 3.7(b)
 review requirements, 3.7(c)
 qualifications and independence of public
 accountants practicing before, 3.1(g)
 reference sources, 3.1(l)
 regulations and publications, 2.2(a)(vi)
 Regulation A, 3.2(e)(ii)
 Regulation D, 3.2(e)(i)
 Regulation S-B, 3.2(d)
 Regulation S-K, 2.2(a)(vi), 3.4(o)
 Regulation S-X, 2.2(a)(vi), 3.2(d), 3.4(a),
 3.4(e), 3.4(g), 3.4(n)
 revenue recognition, 17.3(h)
 delivery/performance, 17.3(h)(ii)
 fixed or determinable sales price,
 17.3(h)(iii)
 persuasive evidence argument, 17.3(h)(i)
 sales of leased/licensed departments,
 17.3(h)(iv)
 Sarbanes-Oxley Act (2002)
 implications for audit committees,
 3.1(e)(ii)
 implications for independent auditors,
 3.1(e)(iii)
 implications for public company, 3.1(e)(i)
 structure, 2.2(a)(ii)
 summary, 2.2(a)(vii)
 utilities, 31.3(a), 31.5(b)
 Securities and Exchange Commission
 Practice Section (SECPS), 2.4(a)(i)
 Securities brokers/dealers, 29.1(c)(viii)
 Securities Exchange Act of 1934, 1.2(a)(ii),
 2.2(a)(i), 2.2(a)(vi), 3.1(a), 3.3
 corporate disclosure requirements, 3.3(b)
 periodic reports, 3.3(b)(ii)
 registration of securities, 3.3(b)(i)
 scope, 3.3(a)
 violations, 44.6(a)(vi)
 Security Investor Protection Act of 1970,
 2.2(a)(vi), 3.1(a)
 Segment(s):
 analysis of data, 14.3(l)
 disposal of, 9.4(a)

- Seidman Committee, 1.2(c)(ii)
- Serial bonds, 23.4(b)(ii), 23.5(f)
- Service companies, valuation of nonpublic, 42.3(b)
- Service life, 19.9, 19.9(d)
 - effect of maintenance, 19.9(c)
 - factors affecting, 19.9(b)
 - leasehold improvements, 19.9(e)
 - physical life distinguished from, 19.9(a)
 - revisions of estimated, 19.9(f)
- Service transactions, revenue recognition, 17.4(a)(v)
- Setoffs, 43.3(j)
- Shareholders' equity, 25.1–25.10
 - annual report, 3.4(q)
 - balance sheet, 8.3(c)
 - common stock adjustments, 25.4
 - stock splits, 25.4(a)
 - corporation, 25.1
 - advantages of form, 25.1(b)
 - certificate of incorporation, 25.1(d)
 - defined, 25.1(a)
 - owners' interests, 25.1(c)
 - issuance of stock, 25.3
 - authorized capital stock, 25.3(a)
 - for cash, 25.3(c)
 - cost of, 25.3(b)
 - premium and discount, 25.3(f)
 - for property or services, 25.3(d)
 - recording, 25.2(e)
 - subscription for shares, 25.3(e)
 - reacquisition/retirement of capital
 - stock/Treasury stock, 25.5, 25.5(a)
 - balance sheet presentation, 25.5(b)
 - cost method of reporting, 25.5(c), 25.5(f)
 - donated, 25.5(e)
 - par value method of reporting, 25.5(d), 25.5(f)
 - presentation in shareholders' equity, 25.5(g)
 - purchase in excess of market price, 25.5(h)
 - retained earnings, 25.7
 - appropriations of, 25.7(n)
 - cash dividends, 25.7(g)
 - defined, 25.7(a)
 - dividend dates, 25.7(f)
 - dividends, 25.7(e)
 - events affecting, 25.7(b)
 - liquidating dividends, 25.7(k)
 - other period adjustments, 25.7(d)
 - prior period adjustments, 25.7(c)
 - property dividends, 25.7(i)
 - quasi reorganization, 25.7(l)
 - restrictions on, 25.7(m)
 - scrap or liability dividends, 25.7(j)
 - stock dividends, 25.7(h)
 - shares of stock, 25.2
 - balance sheet presentation, 25.2(g)
 - certificates representing, 25.2(a)
 - common stock, 25.2(b)
 - par/no par value stock, 25.2(d)
 - preferred stock, 25.2(c)
 - recording issuance of, 25.2(e)
 - stated capital, 25.2(f)
 - statement of, 8.5
 - stock equivalents, 25.6
 - employee stock options, 25.6(c)
 - employee stock ownership plans, reporting, 25.6(d)
 - other compensation plans, 25.6(e)
 - use of, 25.6(a)
 - warrants and rights, 25.6(b)
- Shipping and handling fees, ancillary revenue, 17.6(g)
- Short sales, 29.2(s)(iii)
- Short-term borrowing, 3.4(l)
- Significant risks and uncertainties, disclosure, 8.8(a)(vi)
- Sinking funds, 23.4(b)(ii)
- Small business integrated disclosure system (SEC), 3.2(d)
- Smyth v. Ames*, 31.2(c)
- Software industry:
 - intangible assets, 20.6(f)
 - revenue recognition, 17.4(b)(vi)
- Spare parts inventory, 18.3(h)
- Special Committee on Co-operation with Stock Exchanges, 1.2(a), 1.2(d)(ii)
- Special-purpose entities (SPEs), 2.3(a)(vi)
- loan transfers, 16.4(c)
- Special revenue funds, 32.4(g)(ii)
- Split-interest gifts, *see* Not-for-profit accounting, contributions
- Staff Accounting Bulletins (SABs), 3.4(h)
- Staff Legal Bulletins (SLBs), 3.4(h)
- Standards Advisory Council (SAC), 7.2(a)(iii)
- Standard setting organizations, 2.2(e)(ii), 2.3
- Start-up companies:
 - nonpublic company valuation, 42.3(n)
 - preoperating costs, 20.5(m)
- Stated capital, 25.2(f)
- State governments, *see* Government (state and local)

- Statement of Accounting Principles*, A
(Sanders, Hatfield, Moore), 1.2(b)(i)
- Statement of Financial Accounting Standards (SFAS), 1.1(a), 2.3(a)(iii)
- SFAS No. 71 (effects of certain types of regulation), 31.6
- SFAS No. 90 (abandonment and disallowance of plant costs), 31.7
- SFAS No. 92 (phase-ins), 31.8
- SFAS No. 101 (discontinuation of application of SFAS No. 71), 31.9
- SFAS No. 109, 22.2, 22.2(c)(i)
- SFAS No. 142, 20.11
- Statement of Position (SOP) 94-6 (AICPA), 6.4
- Statement on Standards for Attestation Engagements (AICPA), 6.3
- examination, 6.3(a)
- general guidelines, 6.3(c)
- review, 6.3(b)
- Statements of Financial Accounting Concepts (SFAC), 2.3(a)(iii)
- No. 1 *Objectives of Financial Reporting by Business Enterprises*, 1.3(a)(iii), 1.3(b), 1.3(b)(i), 2.3(a)(v)
- No. 2 Qualitative Characteristics of Accounting Information, 1.3(b), 1.3(b)(ii), 2.3(a)(v)
- Nos. 3 and 6 *Elements of Financial Statements*, 1.3(b), 1.3(b)(iii), 2.3(a)(v)
- No. 4 *Objectives of Financial Reporting by Nonbusiness Organizations*, 1.3(b), 1.3(b)(i), 2.3(a)(v)
- No. 5 *Recognition and Measurement in Financial Statements of Business Enterprises*, 1.3(a)(iii), 1.3(b), 1.3(b)(iv), 2.3(a)(v)
- No. 7 *Using Cash Flow Information and Present Value in Accounting Measurements*, 1.3(b)(v), 2.3(a)(v)
- Statements on Auditing Standards (SAS), 2.4(a)(ii)
- Stock, *see also* Equity securities; Stock-based compensation
- cost of acquisition by, 19.2(a)(iii)
- dividends of, 25.7(h)
- notes received for capital, 16.4(f)
- preferred, 25.9, 42.3(i)
- preferred, redeemable, 3.4(m)
- sales of on income statement, 9.4(d)
- Treasury, 25.5
- Stock-based compensation, 2.3(a)(vi), 37.1–37.9
- APB Opinion No. 25 application, 37.3
- allocation of cost, service period, 37.3(d)
- cancelled/forfeited rights, 37.3(e)
- income taxes, 37.3(f)
- measurement, application, 37.3(c)
- measurement, general principle, 37.3(b)
- noncompensatory/compensatory plans, 37.3(a)
- other issues, 37.3(g)
- APB Opinion No. 25 disclosures, 37.8(a), 37.8(b)
- APB Opinion No. 25 earnings per share, 37.4
- basic, 37.4(a)
- diluted, 37.4(b)
- diluted, fixed awards, 37.4(c)
- diluted, variable awards subject to performance-based vesting, 37.4(e)
- diluted, variable awards subject to time-based vesting, 37.4(d)
- APB Opinion No. 25 illustrations, 37.5
- book value/formula award, 37.5(d)
- fixed awards, 37.5(a)
- variable awards, performance stock option, 37.5(c)
- variable awards, stock appreciation right, 37.5(b)
- APB Opinion No. 25 scope, 37.2
- disclosure, 37.8
- FASB Statement No. 123, 14.3(p)
- FASB Statement No. 123 application, 37.6
- adjustments of initial estimates, 37.6(f)
- cash settlements required, 37.6(m)
- disclosures, 37.8(a)
- effective date/transition, 37.6(p)
- employee stock purchase plans, 37.6(k)
- income taxes, 37.6(o)
- look-back options, 37.6(l)
- measurement, 37.6(b)
- measurement date, 37.6(c)
- modifications to grants, 37.6(g)
- nonemployee transactions, 37.6(n)
- option pricing models, 37.6(d)
- options with reload features, 37.6(h)
- recognition of compensation cost, 37.6(e)
- scope, 37.6(a)
- settlement of awards, 37.6(i)
- tandem/combination plans, 37.6(j)
- FASB Statement No. 123 earnings per share, 37.7
- history of accounting for, 37.1
- Stockholders, *see* Shareholders' equity
- Subsequent events, disclosure, 8.8(a)(iii)

- Subsidiaries:
 - income statement, 9.4(d)
 - income tax issues, 22.2(c)(v)
 - intangible assets, 20.2(d)
 - SEC restrictions on transfer by, 3.4(i)
 - unconsolidated, financial information regarding, 3.4(j)
- Suppliers, *see* Customers and suppliers
- Swaps, 29.2(x)(iv)
- Tax issues, 1.1(b), 29.1(c)(viii). *See also*
 - Income taxes
 - accountant services, 26.1(d)(i)
 - affordable housing projects, 28.8(d)
 - bankruptcy, 43.3(b)
 - bankruptcy timing, 43.3(h)
 - banks and savings institutions, 29.2(w)
 - depreciation, 19.13
 - estates, 41.1(l)
 - health care industry, 34.3(q)
 - intangible assets, 10.3(g)(xiv), 20.8
 - inventory, 18.8
 - investment banking, 29.4(e)
 - mortgage banking, 29.3(g)
 - partnerships/joint ventures, 40.1(c), 40.2(f), 40.8(c)(iii)
 - prospective financial statements, 38.5(g)
 - real estate costs, 28.3(g)
 - trusts, 41.3(l)
- Technical Bulletins (FTBs), 2.3(a)(iii)
- Testimony, 44.7
- Third-party payer settlements, 34.3(f)
- Thriffs, *see* Banks and savings institutions
- Timber industry, 20.6(k)
- Time accelerated restricted stock award plan (TARSAP), 37.3(g)
- Time deposits, 29.2(t)(iii)
- Timeliness, of accounting information, 1.3(b)(ii)
- Time value of money, 1.3(b)(v)
- Tolling, 27.8(b)
- Tooling costs, 20.5(m)
- Trade-in inventory, 18.3(d)
- Trademarks/trade names:
 - amortization of, 20.5(n)(ii)
 - capitalizable amounts for, 20.5(n)(i)
- Transactions/events/circumstances, 1.3(b)(iii)
- Translation, *see* Foreign currency translation
- Treasury stock, 25.5, 25.5(a)
 - balance sheet presentation, 25.5(b)
 - cost method of reporting, 25.5(c), 25.5(f)
 - donated, 25.5(e)
 - par value method of reporting, 25.5(d), 25.5(f)
 - presentation in shareholders' equity, 25.5(g)
 - purchase in excess of market price, 25.5(h)
- Troubled debt restructuring, 16.4(e), 23.9(a)
- Trucking industry, 20.6(l)
- Trueblood Study Group, 1.2(d), 1.3(a)(i), 1.3(b)(i)
- Trustees:
 - appointment/removal, 41.3(b)
 - compensation, 41.3(h)
 - liabilities, 41.3(e)
 - powers/duties, 41.3(c)
 - reports of, 41.4(c)
 - testamentary, 41.3(g)
- Trust Indenture Act of 1939, 2.2(a)(vi), 3.1(a)
- Trusts, *see also* Estates; Trustees
 - accounting for, 41.4
 - general features, 41.4(a)
 - record keeping system, 41.4(b)
 - trustee's reports, 41.4(c)
 - legal issues, 41.3
 - guardians, 41.3(f)
 - nature and types of trusts, 41.3(a)
 - principle/income distinctions, 41.3(j)
 - principle/income special problems, 41.3(k)
 - proper investments, 41.3(d)
 - rights of beneficiary, 41.3(i)
 - tax status, 41.3(l)
 - termination, 41.3(m)
 - trustees, 41.3(b), 41.3(c), 41.3(e), 41.3(g), 41.3(h), 41.4(c)
- Uncollectible receivables, revenue
 - adjustments, 17.5(e)
 - aging-of-receivables method, 17.5(e)(ii)
 - percentage-of receivables method, 17.5(e)(ii)
 - percentage-of-sales method, 17.5(e)(i)
- Underlying, defined, 24.1(b)(iii)
- United Kingdom, taxation, 22.6(b)
- Universities, *see* Colleges/universities
- Unusual events/transactions, reporting of, 9.7
- Utilities, regulated, 31.1–31.12
 - alternative forms of regulation, 31.4(g)
 - moratoriums, 31.4(g)(ii)
 - price ceilings/caps, 31.4(g)(i)
 - sharing formulas, 31.4(g)(iii)
 - transition to competition, 31.4(g)(iv)
 - financial/regulatory reporting
 - interrelationship, 32.5

- Utilities, regulated (*Continued*)
 - accounting authority of regulatory agencies, 32.5(a)
 - rate regulation and GAAP, 32.5(c)
 - SEC and FASB, 32.5(b)
- history of regulation, 31.2
 - Chicago, Milwaukee & St. Paul Ry. Co. v. Minnesota*, 31.2(b)
 - Munn v. Illinois*, 31.2(a)
 - Smyth v. Ames*, 31.2(c)
- income statement, 9.8(b)
- income taxes, 31.11(a)
- intangible assets, 20.6(i)
- Issue 97-4, 31.10
- jurisdictions, regulatory commissions, 31.3
 - federal, 31.3(a)
 - state, 31.3(b)
- nature/characteristics of, 31.1
- rate-making process, 31.4
 - commissions, 31.4(a)
 - formula, 31.4(b)
 - judicial precedents/rate base, 31.4(d)(iv)
 - judicial precedents/rate of return, 31.4(e)
 - operating income, 31.4(f)
 - rate base, 31.4(c)
 - rate base valuation, 31.4(d)
- SFAS No. 71 (effects of certain types of regulation), 31.6
 - amendments to, 31.6(b)
 - overview, 31.6(c)
 - scope, 31.6(a)
 - standards, general, 31.6(d)
 - standards, specific, 31.6(e)
- SFAS No. 90 (abandonment and disallowance of plant costs), 31.7
- SFAS No. 92 (phase-in plans), 31.8
- SFAS No. 101 (discontinuation of application of SFAS No. 71), 31.9
- SFAS No. 109, 22.2(c)(i)
- specialized accounting practices, 31.11
 - disclosures, 31.11(d)
 - income taxes, 31.11(a)
 - postretirement benefits, 31.11(c)
 - revenue recognition, 31.11(b)
- Vacation pay, 23.3(f)(iii)
- Valuation, nonpublic companies, *see* Nonpublic company valuation
- Valuation methods, inventory, 18.5
 - above cost, 18.5(d)
 - control procedures, 18.5(i)
 - cost, 18.5(a)
 - gross margin method, 18.5(g)
 - lower of cost or market, 18.5(b)
 - net realizable value, 18.5(f)
 - purchase business combination, 18.5(h)
 - replacement cost, 18.5(e)
 - retail method, 18.5(c)
- Verifiability, of accounting information, 1.3(b)(ii)
- Voluntary health and welfare organizations, *see* Health/welfare organizations, voluntary
- Warranties/guarantees:
 - maintenance contracts (separately priced)/revenue recognition, 17.4(a)(viii)
 - obligations as liability, 23.3(j)(ix), 23.5(d)
 - revenue adjustments and aftercosts, 17.5(f)
- Wash sales, 16.4(c)(iv), 29.2(s)(ii)
- Web sites, *see also* Internet companies
 - development costs, 20.5(p)
 - disclosure concerning access to, 3.1(f)(i)
- Weighted average shares, 9.10(a)(v)
 - computation of, 9.14(a)
- What-you-may-call-its, 1.3(a)(iii)
- Wheat Report, 1.2, 1.2(c)(iii), 2.3(a)(i)
- White collar crime, *see* Fraud
- Wills:
 - executing, 41.1(a)
 - probate procedures, 41.1(e)
 - provisions, 41.1(b)
- Working capital/current ratio, balance sheet, 8.3(b)(iii)
- Write-downs, 18.8(c)

IMPORTANT NOTE:

Because of the rapidly changing nature of information in this field, this product may be updated with annual supplements or with future editions. **Please call 1-877-762-2974 or email us at subscriber@wiley.com to receive any current update at no additional charge.** We will send on approval any future supplements or new editions when they become available. If you purchased this product directly from John Wiley & Sons, Inc., we have already recorded your subscription for this update service.