

# ***Closing the GAAP: New US GAAP Pronouncements***

(includes developments to March 31, 2014)

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The following summarizes US GAAP pronouncements that must be applied, if applicable, for the first time by a calendar year-end entity that prepares financial statements in accordance with US GAAP. This newsletter sets out new requirements by the calendar year in which they are first effective.

The listing includes updates from the FASB Accounting Standard Updates ("ASU").

This ACS newsletter supersedes the information in previous [Newsletter 2014-005](#) and will be updated quarterly. Developments since the previous newsletter, if any, are highlighted in yellow.

While we have attempted to make this newsletter as complete as possible, it may not include all changes or modifications to existing authoritative literature that may affect a particular enterprise.



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# *Developments related to 2014 calendar years*

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Reference	Pronouncement and Effective Date Impacting 2014 Calendar Years
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<b>ASU 2014-06</b>	<p><u>Technical corrections and improvements related to glossary terms</u></p> <p>Amendments affect a wide variety of topics in the Codification. The tables in paragraphs 1, 6, 103 and 412 of this ASU summarize the amendments.</p> <p>The amendments do not have transition guidance and are effective upon issuance for both public and nonpublic entities.</p>
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<b>ASU 2013-11 Topic 740</b>	<p><u>Income taxes</u></p> <p>Amended to provide guidance on financial statement presentation of an unrecognized tax benefit when a net operating loss carryforward, a similar tax loss, or a tax credit carryforward exists.</p> <p>Effective for public entities for years, and interim periods within those years, beginning after December 15, 2013.</p>
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<b>ASU 2013-08 Topic 946</b>	<p><u>Amendments related to investment companies</u></p> <p>Amends (i) guidance for determining whether an entity is an investment company, and (ii) measurement and disclosure requirements for all entities that are investment entities.</p> <p>Effective for years, and interim periods within those years, beginning after December 15, 2013.</p>
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*Learning more:* [DL 2013-14](#)

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<b>ASU 2013-07 Topic 205</b>	<p><u>Liquidation basis of accounting</u></p> <p>Provides guidance on (i) when an entity should apply the liquidation basis of accounting, and (ii) recognition and measurement of assets and liabilities, and requirements for preparation of financial statements, using the liquidation basis of accounting.</p> <p>Effective for entities that determine liquidation is imminent during years, and interim periods within those years, beginning after December 15, 2013.</p>
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<b>ASU 2013-05 Topic 830</b>	<p><u>Accounting for cumulative translation adjustments</u></p> <p>Amends cumulative translation adjustment derecognition guidance in particular when (i) an entity ceases to have a controlling financial interest in certain subsidiaries or groups of assets within a foreign entity, or (ii) there is a loss of a controlling financial interest in a foreign entity or a step acquisition involving an equity method investment that is a foreign entity.</p> <p>Effective for public entities for years, and interim periods within those years, beginning after December 15, 2013.</p>
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*Learning more:* [DL 2013-10](#)

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# *Developments related to 2014 calendar years*

Reference	Pronouncement and Effective Date Impacting 2014 Calendar Years
ASU 2013-04 Topic 405	<p><u>Obligations resulting from joint and several liability arrangements</u></p> <p>Provides guidance for the recognition, measurement and disclosure of obligations resulting from joint and several liability arrangements for which the total amount of the obligation is fixed at the reporting date and for which no specific guidance exists.</p> <p>Effective for public entities for years, and interim periods within those years, beginning after December 15, 2013. For nonpublic entities, effective for years ending after December 15, 2014, and interim and annual periods thereafter.</p> <p><i>Learning more: <a href="#">DL 2013-20</a></i></p>
ASU 2013-02 Topic 220	<p><u>Reporting amounts reclassified out of accumulated other comprehensive income ("AOCI")</u></p> <p>Amended to require an entity to present information about reclassification adjustments from AOCI in their annual financial statements in a single note or on the face of the financial statements.</p> <p>Effective for nonpublic entities for reporting periods beginning after December 15, 2013.</p>
ASU 2012-05 Topic 230	<p><u>Not-for-profit entities ("NFPs") and statement of cash flows</u></p> <p>Amended to provide guidance for NFPs on the classification of cash receipts from the sale of donated financial assets.</p> <p>Effective for years, and interim periods within those years, beginning after June 15, 2013.</p>
ASU 2012-04	<p><u>Technical corrections and improvements</u></p> <p>Amendments to a wide variety of topics in the Codification. The status tables in paragraphs 288-398 of this ASU list all topics affected by these amendments.</p> <p>For nonpublic entities, the amendments that are subject to the transition guidance will be effective for years beginning after December 15, 2013.</p>
ASU 2012-01 Topic 954	<p><u>Health care entities: Continuing care retirement communities and refundable advance fees</u></p> <p>Clarifies the reporting for refundable advance fees received by continuing care retirement communities.</p> <p>Effective for non-public entities for years beginning after December 15, 2013.</p>
ASU 2011-06 Topic 720	<p><u>Fees paid to the federal government by health insurers</u></p> <p>Addresses questions about how health insurers should recognize and classify in their income statements fees mandated by the Patient Protection and Affordable Care Act as amended by the Health Care and Education Reconciliation Act.</p> <p>Effective for calendar years beginning after December 31, 2013 when the fee initially becomes effective.</p>

# Developments related to 2015 calendar years

Reference	Pronouncement and Effective Date Impacting 2015 Calendar Years
ASU 2014-07 Topic 810	<p><u>Common control leasing arrangements and VIE guidance</u></p> <p>Amendments provide an elective accounting alternative for private companies in applying variable interest entities guidance to lessor entities under common control.</p> <p>Effective for years beginning after December 15, 2014, and interim periods within years beginning after December 15, 2015.</p>
ASU 2014-05 Topic 853	<p><u>Service concession arrangements</u></p> <p>Applies to an operating entity of a service concession arrangement entered into with a public sector entity grantor when certain conditions are met. Specifies that (i) such service concession arrangements should not be accounted for as a lease in accordance with Topic 840, <i>Leases</i>; (ii) the operating entity should refer to other Topics as applicable to account for various aspects of the arrangement, and (iii) the infrastructure used in the arrangement should not be recognized as property, plant and equipment of the operating entity.</p> <p>Effective for public business entities for years beginning after December 15, 2014, and interim periods within those years. Effective for other entities for years beginning after December 15, 2014, and interim periods within years beginning after December 15, 2015.</p>
ASU 2014-04 Topic 310-40	<p><u>Troubled debt restructurings and reclassification of residential real estate collateralized consumer mortgage loans upon foreclosure</u></p> <p>Amended to (i) clarify when an in-substance repossession or foreclosure occurs such that a creditor is considered to have received physical possession of residential real estate property collateralizing a consumer mortgage loan, and (ii) require additional annual and interim disclosures.</p> <p>Effective for public business entities for years beginning after December 15, 2014, and interim periods within those years. Effective for other entities for years beginning after December 15, 2014, and interim periods within years beginning after December 15, 2015.</p>
ASU 2014-03 Topic 815	<p><u>Accounting for certain receive-variable, pay-fixed interest rate swaps</u></p> <p>For all entities except public business entities, not-for-profit entities, employee benefit plans within the scope of Topics 960 through 965 on plan accounting, and financial institutions, amended to allow the use of a simplified hedge accounting approach to account for swaps that are entered into for the purposes of economically converting a variable-rate borrowing into a fixed rate borrowing.</p> <p>Effective for years beginning after December 15, 2014, and interim periods within years beginning after December 15, 2015.</p>
ASU 2014-02 Topic 350	<p><u>Accounting for goodwill</u></p> <p>For all entities except public business entities, not-for-profit entities and employee benefit plans within the scope of Topics 960 through 965 on plan accounting, amended to allow an alternative for the subsequent measurement of goodwill.</p> <p>Applies prospectively to goodwill existing as of the beginning of the period of adoption and new goodwill recognized in years beginning after December 15, 2014, and interim periods within years beginning after December 15, 2015.</p>

Learning more: [DL 2014-05](#)

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# *Developments related to 2015 calendar years*

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## **Reference      Pronouncement and Effective Date Impacting 2015 Calendar Years**

**ASU  
2014-01  
Topic 323**      [Investments in qualified affordable housing projects – equity method and joint ventures](#)

Revises the accounting for, and disclosures related to, investments in qualified affordable housing projects through flow-through, limited liability entities.

Effective for public business entities for years beginning after December 15, 2014, and interim periods within those years. Effective for other entities for years beginning after December 15, 2014, and interim periods within years beginning after December 15, 2015.

*Learning more: [DL 2014-02](#)*

**ASU  
2013-11  
Topic 740**      [Income taxes](#)

Amended to provide guidance on financial statement presentation of an unrecognized tax benefit when a net operating loss carryforward, a similar tax loss, or a tax credit carryforward exists.

Effective for nonpublic entities for years, and interim periods within those years, beginning after December 15, 2014.

**ASU  
2013-06  
Topic 958**      [NPOs and services received from personnel of an affiliate](#)

Provides guidance for not-for-profit entities (“NPOs”) related to recognizing and measuring services received from personnel of an affiliate.

Effective for years beginning after June 15, 2014, and interim and annual periods thereafter.

**ASU  
2013-05  
Topic 830**      [Accounting for cumulative translation adjustments \(“CTA”\)](#)

Amends cumulative translation adjustment derecognition guidance in particular when (i) an entity ceases to have a controlling financial interest in certain subsidiaries or groups of assets within a foreign entity, or (ii) there is a loss of a controlling financial interest in a foreign entity or a step acquisition involving an equity method investment that is a foreign entity.

Effective for nonpublic entities for years beginning after December 15, 2014, and interim and annual periods thereafter.

*Learning more: [DL 2013-10](#)*

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