

2023

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GAAP

Interpretation and Application of
**GENERALLY ACCEPTED
ACCOUNTING PRINCIPLES**

With updates to
credit losses, leases,
government assistance,
and more. Bonus:
Free online disclosure
and presentation
checklist!

Joanne M. Flood

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Table of Contents

[COVER](#)

[TITLE PAGE](#)

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[PREFACE](#)

[ABOUT THE AUTHOR](#)

[CODIFICATION TAXONOMY](#)

[1 ASC 105 GENERALLY ACCEPTED ACCOUNTING PRINCIPLES](#)

[PERSPECTIVES AND ISSUES](#)

[DEFINITIONS OF TERMS](#)

[CONCEPTS, RULES, AND EXAMPLES](#)

[NOTE](#)

[2 ASC 205 PRESENTATION OF FINANCIAL STATEMENTS](#)

[PERSPECTIVE AND ISSUES](#)

[DEFINITIONS OF TERMS](#)

[CONCEPTS, RULES, AND EXAMPLES](#)

[3 ASC 210 BALANCE SHEET](#)

[PERSPECTIVE AND ISSUES](#)

[DEFINITIONS OF TERMS](#)

[CONCEPTS, RULES, AND EXAMPLES](#)

[4 ASC 215 STATEMENT OF SHAREHOLDER EQUITY](#)

[PERSPECTIVE AND ISSUES](#)

[5 ASC 220 INCOME STATEMENT—REPORTING COMPREHENSIVE INCOME](#)

[PERSPECTIVE AND ISSUES](#)

DEFINITIONS OF TERMS

CONCEPTS, RULES, AND EXAMPLES

NOTES

6 ASC 230 STATEMENT OF CASH FLOWS

PERSPECTIVE AND ISSUES

DEFINITIONS OF TERMS

CONCEPTS, RULES, AND EXAMPLES

NOTE

7 ASC 235 NOTES TO FINANCIAL STATEMENTS

PERSPECTIVE AND ISSUES

DEFINITIONS OF TERMS

CONCEPTS, RULES, AND EXAMPLES

8 ASC 250 ACCOUNTING CHANGES AND ERROR
CORRECTIONS

PERSPECTIVE AND ISSUES

DEFINITIONS OF TERMS

CONCEPTS, RULES, AND EXAMPLES

NOTE

9 ASC 255 CHANGING PRICES

PERSPECTIVE AND ISSUES

DEFINITIONS OF TERMS

CONCEPTS, RULES, AND EXAMPLES

10 ASC 260 EARNINGS PER SHARE

PERSPECTIVE AND ISSUES

DEFINITIONS OF TERMS

CONCEPTS, RULES, AND EXAMPLES

Presentation on the Income Statement

COMPREHENSIVE EXAMPLE

NOTES

11 ASC 270 INTERIM REPORTING

PERSPECTIVE AND ISSUES

DEFINITIONS OF TERMS

CONCEPTS, RULES, AND EXAMPLES

REQUIREMENTS APPLICABLE TO ALL
REPORTING ENTITIES

REQUIREMENTS APPLICABLE TO PUBLIC
REPORTING ENTITIES

12 ASC 272 LIMITED LIABILITY ENTITIES

PERSPECTIVE AND ISSUES

DEFINITIONS OF TERMS

CONCEPTS, RULES, AND EXAMPLES

13 ASC 274 PERSONAL FINANCIAL STATEMENTS

PERSPECTIVE AND ISSUES

DEFINITIONS OF TERMS

CONCEPTS, RULES, AND EXAMPLES

14 ASC 275 RISKS AND UNCERTAINTIES

PERSPECTIVE AND ISSUES

DEFINITIONS OF TERMS

CONCEPTS, RULES, AND EXAMPLES

15 ASC 280 SEGMENT REPORTING

PERSPECTIVE AND ISSUES

DEFINITIONS OF TERMS

CONCEPTS, RULES, AND EXAMPLES

16 ASC 310 RECEIVABLES

PERSPECTIVE AND ISSUES

DEFINITIONS OF TERMS

CONCEPTS, RULES, AND EXAMPLES

NOTES

17 ASC 320 INVESTMENTS—DEBT SECURITIES

PERSPECTIVE AND ISSUES

DEFINITIONS OF TERMS

CONCEPTS, RULES, AND EXAMPLES

NOTES

18 ASC 321 INVESTMENTS—EQUITY SECURITIES

PERSPECTIVE AND ISSUES

DEFINITIONS OF TERMS

CONCEPTS, RULES, AND EXAMPLES

19 ASC 323 INVESTMENTS—EQUITY METHOD AND
JOINT VENTURES

PERSPECTIVE AND ISSUES

DEFINITIONS OF TERMS

CONCEPTS, RULES, AND EXAMPLES—ASC 323-
10, *OVERALL: THE EQUITY METHOD OF
ACCOUNTING FOR INVESTMENTS*

CONCEPTS, RULES, AND EXAMPLES—ASC 323-
30, *EQUITY INVESTMENTS IN CORPORATE JOINT
VENTURES AND NONCORPORATE ENTITIES*

CONCEPTS, RULES, AND EXAMPLES—ASC 323-
740, *QUALIFIED AFFORDABLE HOUSING
PROJECT INVESTMENTS*

20 ASC 325 INVESTMENTS—OTHER

PERSPECTIVE AND ISSUES

DEFINITIONS OF TERMS

CONCEPTS, RULES, AND EXAMPLES

NOTES

21 ASC 326 FINANCIAL INSTRUMENTS—CREDIT
LOSSES

PERSPECTIVE AND ISSUES

DEFINITIONS OF TERMS

CONCEPTS, RULES, AND EXAMPLES—ASC 326-10, *OVERALL*

CONCEPTS, RULES, AND EXAMPLES—ASC 326-20, *MEASURED AT AMORTIZED COST*

CONCEPTS, RULES, AND EXAMPLES—ASC 326-30, *AVAILABLE-FOR-SALE DEBT SECURITIES*

NOTES

22 ASC 330 INVENTORY

PERSPECTIVE AND ISSUES

DEFINITIONS OF TERMS

CONCEPTS, RULES, AND EXAMPLES

NOTES

23 ASC 340 OTHER ASSETS AND DEFERRED COSTS

PERSPECTIVE AND ISSUES

DEFINITIONS OF TERMS

CONCEPTS, RULES, AND EXAMPLES

NOTE

24 ASC 350 INTANGIBLES—GOODWILL AND OTHER

PERSPECTIVE AND ISSUES

DEFINITIONS OF TERMS

CONCEPTS, RULES, AND EXAMPLES—ASC 350-10, *OVERALL*

CONCEPTS, RULES, AND EXAMPLES—ASC 350-20, *GOODWILL*

CONCEPTS, RULES, AND EXAMPLES—ASC 350-30, *GENERAL INTANGIBLES OTHER THAN GOODWILL*

CONCEPTS, RULES, AND EXAMPLES—ASC 350-40, *INTERNAL-USE SOFTWARE*

CONCEPTS, RULES, AND EXAMPLES—ASC 350-50, *WEBSITE DEVELOPMENT COSTS*

NOTES

25 ASC 360 PROPERTY, PLANT, AND EQUIPMENT

PERSPECTIVE AND ISSUES

DEFINITIONS OF TERMS

OVERALL—ASC 360-10, *PROPERTY, PLANT, AND EQUIPMENT*

CONCEPTS, RULES, AND EXAMPLES—ASC 360-20, *REAL ESTATE SALES*—SALE LEASEBACK ACCOUNTING

26 ASC 405 LIABILITIES

PERSPECTIVE AND ISSUES

DEFINITIONS OF TERMS

CONCEPTS, RULES, AND EXAMPLES

27 ASC 410 ASSET RETIREMENT AND ENVIRONMENTAL OBLIGATIONS

PERSPECTIVE AND ISSUES

DEFINITIONS OF TERMS

ASC 410-20, *ASSET RETIREMENT OBLIGATIONS*

ASC 410-30, *ENVIRONMENTAL OBLIGATIONS*

28 ASC 420 EXIT OR DISPOSAL COST OBLIGATIONS

PERSPECTIVE AND ISSUES

DEFINITIONS OF TERMS

CONCEPTS, RULES, AND EXAMPLES

NOTE

29 ASC 430 DEFERRED REVENUE AND CONTRACT LIABILITIES

30 ASC 440 COMMITMENTS

PERSPECTIVE AND ISSUES

DEFINITIONS OF TERMS

CONCEPTS, RULES, AND EXAMPLES

NOTES

31 ASC 450 CONTINGENCIES

PERSPECTIVE AND ISSUES

DEFINITIONS OF TERMS

CONCEPTS, RULES, AND EXAMPLES

NOTES

32 ASC 460 GUARANTEES

PERSPECTIVE AND ISSUES

DEFINITIONS OF TERMS

CONCEPTS, RULES, AND EXAMPLES

NOTE

33 ASC 470 DEBT

PERSPECTIVE AND ISSUES

DEFINITIONS OF TERMS

CONCEPTS, RULES, AND EXAMPLES

NOTES

34 ASC 480 DISTINGUISHING LIABILITIES FROM
EQUITY

PERSPECTIVE AND ISSUES

DEFINITIONS OF TERMS

CONCEPTS, RULES, AND EXAMPLES

35 ASC 505 EQUITY

PERSPECTIVE AND ISSUES

DEFINITIONS OF TERMS

CONCEPTS, RULES, AND EXAMPLES

NOTES

36 ASC 605 REVENUE RECOGNITION

CONCEPTS, RULES, AND EXAMPLES

DEFINITIONS OF TERMS

ASC 605-20, *REVENUE RECOGNITION—
PROVISION FOR LOSSES ON SEPARATELY
PRICED EXTENDED WARRANTY AND PRODUCT
MAINTENANCE CONTRACTS*

ASC 605-35, *CONSTRUCTION-TYPE AND
PRODUCTION-TYPE CONTRACTS*

37 ASC 606 REVENUE FROM CONTRACTS WITH
CUSTOMERS

PERSPECTIVE AND ISSUES

STEP 1: IDENTIFY THE CONTRACT WITH THE
CUSTOMER

STEP 2: IDENTIFYING THE PERFORMANCE
OBLIGATIONS

STEP 3: DETERMINE THE TRANSACTION PRICE

STEP 4: ALLOCATE THE TRANSACTION PRICE

STEP 5: RECOGNIZE REVENUE WHEN (OR AS)
THE ENTITY SATISFIES A PERFORMANCE
OBLIGATION

OTHER ISSUES

NOTES

38 ASC 610 OTHER INCOME

PERSPECTIVE AND ISSUES

DEFINITIONS OF TERMS

CONCEPTS, RULES, AND EXAMPLES

39 ASC 705 COST OF SALES AND SERVICES

PERSPECTIVE AND ISSUES

DEFINITIONS OF TERMS

CONCEPTS, RULES, AND EXAMPLES

40 ASC 710 COMPENSATION—GENERAL

PERSPECTIVE AND ISSUES

DEFINITIONS OF TERMS

CONCEPTS, RULES, AND EXAMPLES

41 ASC 712 COMPENSATION— NONRETIREMENT
POST-EMPLOYMENT BENEFITS

PERSPECTIVE AND ISSUES

DEFINITIONS OF TERMS

CONCEPTS, RULES, AND EXAMPLES

42 ASC 715 COMPENSATION—RETIREMENT
BENEFITS

PERSPECTIVE AND ISSUES

DEFINITIONS OF TERMS

ASC 715-20, *DEFINED BENEFITS PLANS—
GENERAL*

ASC 715-30, *DEFINED BENEFIT PLANS—
PENSION*

ASC 715-60, *DEFINED BENEFITS PLANS—OTHER
POSTRETIREMENT*

ASC 715-70, *DEFINED CONTRIBUTION PLANS*

ASC 715-80, *MULTIEMPLOYER PENSION PLANS*

43 ASC 718 COMPENSATION—STOCK
COMPENSATION

PERSPECTIVE AND ISSUES

DEFINITIONS OF TERMS

CONCEPTS, RULES, AND EXAMPLES

NOTES

44 ASC 720 OTHER EXPENSES

PERSPECTIVE AND ISSUES

DEFINITIONS OF TERMS

CONCEPTS, RULES, AND EXAMPLES

45 ASC 730 RESEARCH AND DEVELOPMENT

PERSPECTIVE AND ISSUES

DEFINITIONS OF TERMS

CONCEPTS, RULES, AND EXAMPLES

46 ASC 740 INCOME TAXES

PERSPECTIVE AND ISSUES

DEFINITIONS OF TERMS

CONCEPTS, RULES, AND EXAMPLES

NOTE

47 ASC 805 BUSINESS COMBINATIONS

PERSPECTIVE AND ISSUES

DEFINITIONS OF TERMS

CONCEPTS, RULES, AND EXAMPLES

NOTES

48 ASC 808 COLLABORATIVE ARRANGEMENTS

PERSPECTIVE AND ISSUES

DEFINITIONS OF TERMS

CONCEPTS, RULES, AND EXAMPLES

NOTE

49 ASC 810 CONSOLIDATIONS

PERSPECTIVE AND ISSUES

DEFINITIONS OF TERMS

CONSOLIDATION MODELS—INTRODUCTION
AND BACKGROUND

THE VIE MODEL

VOTING INTEREST MODEL

NOTES

50 ASC 815 DERIVATIVES AND HEDGING

PERSPECTIVE AND ISSUES

DEFINITIONS OF TERMS

CONCEPTS, RULES, AND EXAMPLES

NOTES

51 ASC 820 FAIR VALUE MEASUREMENTS

PERSPECTIVE AND ISSUES

DEFINITIONS OF TERMS

CONCEPTS, RULES, AND EXAMPLES

52 ASC 825 FINANCIAL INSTRUMENTS

PERSPECTIVE AND ISSUES

DEFINITIONS OF TERMS

CONCEPTS, RULES, AND EXAMPLES

ASC 825-20, *REGISTRATION PAYMENT*
ARRANGEMENTS

NOTES

53 ASC 830 FOREIGN CURRENCY MATTERS

ASC 830, *FOREIGN CURRENCY MATTERS*

PERSPECTIVE AND ISSUES

DEFINITIONS OF TERMS

CONCEPTS, RULES, AND EXAMPLES

54 ASC 832 GOVERNMENT ASSISTANCE

TECHNICAL ALERT

PERSPECTIVE AND ISSUES

DEFINITION OF TERM

CONCEPTS, RULES, AND EXAMPLES

55 ASC 835 INTEREST

PERSPECTIVE AND ISSUES

DEFINITIONS OF TERMS

CONCEPTS, RULES, AND EXAMPLES

NOTE

56 ASC 842 LEASES

PERSPECTIVE AND ISSUES

OVERVIEW

DEFINITIONS OF TERMS

ASC 842-10, *OVERALL*, CONCEPTS, RULES, AND
EXAMPLES

ASC 842-20, *LESSEES*, CONCEPTS, RULES, AND
EXAMPLES

ASC 842-30, *LESSOR*, CONCEPTS, RULES, AND
EXAMPLES

ASC 842-40, *SALE AND LEASEBACK
TRANSACTIONS*, CONCEPTS, RULES, AND
EXAMPLES

ASC 842-50, *LEVERAGED LEASES*, CONCEPTS,
RULES, AND EXAMPLES

PRESENTATION—USING THE DISPLAY
APPROACH

IMPLEMENTATION CONSIDERATIONS

57 ASC 845 NONMONETARY TRANSACTIONS

PERSPECTIVE AND ISSUES

DEFINITIONS OF TERMS

CONCEPTS, RULES, AND EXAMPLES

NOTE

58 ASC 848 REFERENCE RATE REFORM

TECHNICAL ALERT

PERSPECTIVE AND ISSUES

DEFINITIONS OF TERMS

CONCEPTS, RULES, AND EXAMPLES

NOTE

59 ASC 850 RELATED PARTY DISCLOSURES

PERSPECTIVE AND ISSUES

DEFINITIONS OF TERMS

CONCEPTS, RULES, AND EXAMPLES

60 ASC 852 REORGANIZATIONS

PERSPECTIVES AND ISSUES

DEFINITIONS OF TERMS

CONCEPTS, RULES, AND EXAMPLES

61 ASC 853 SERVICE CONCESSION ARRANGEMENTS

PERSPECTIVE AND ISSUES

DEFINITIONS OF TERMS

CONCEPTS, RULES, AND EXAMPLES

62 ASC 855 SUBSEQUENT EVENTS

PERSPECTIVE AND ISSUES

DEFINITIONS OF TERMS

CONCEPTS, RULES, AND EXAMPLES

63 ASC 860 TRANSFERS AND SERVICING

PERSPECTIVE AND ISSUES

DEFINITIONS OF TERMS

CONCEPTS, RULES, AND EXAMPLES

NOTE

64 ASC 900s SPECIALIZED INDUSTRY GAAP

CONTRACTORS—FEDERAL GOVERNMENT (ASC 912).

PERSPECTIVE AND ISSUES

DEFINITIONS OF TERMS

CONCEPTS, RULES, AND EXAMPLES

ENTERTAINMENT—BROADCASTERS (ASC 920).

PERSPECTIVE AND ISSUES

DEFINITIONS OF TERMS

CONCEPTS, RULES, AND EXAMPLES

ENTERTAINMENT—CABLE TELEVISION (ASC 922).

PERSPECTIVE AND ISSUES

DEFINITIONS OF TERMS

CONCEPTS, RULES, AND EXAMPLES

ENTERTAINMENT—CASINOS (ASC 924).

PERSPECTIVE AND ISSUES

DEFINITIONS OF TERMS

CONCEPTS, RULES, AND EXAMPLES

ENTERTAINMENT—FILM (ASC 926).

PERSPECTIVE AND ISSUES

DEFINITIONS OF TERMS

CONCEPTS, RULES, AND EXAMPLES

ENTERTAINMENT—MUSIC (ASC 928).

PERSPECTIVE AND ISSUES

DEFINITIONS OF TERMS

CONCEPTS, RULES, AND EXAMPLES

EXTRACTIVE ACTIVITIES—OIL AND GAS (ASC 932).

PERSPECTIVE AND ISSUES

DEFINITIONS OF TERMS

CONCEPTS, RULES, AND EXAMPLES

FINANCIAL SERVICES—DEPOSITORY AND
LENDING (ASC 942)

PERSPECTIVE AND ISSUES

DEFINITIONS OF TERMS

CONCEPTS, RULES, AND EXAMPLES

FINANCIAL SERVICES—INSURANCE (ASC 944)

PERSPECTIVE AND ISSUES

DEFINITIONS OF TERMS

CONCEPTS, RULES, AND EXAMPLES

FINANCIAL SERVICES—INVESTMENT
COMPANIES (ASC 946)

PERSPECTIVE AND ISSUES

DEFINITIONS OF TERMS

CONCEPTS, RULES, AND EXAMPLES

FINANCIAL SERVICES—MORTGAGE BANKING
(ASC 948)

PERSPECTIVE AND ISSUES

DEFINITIONS OF TERMS

CONCEPTS, RULES, AND EXAMPLES

FINANCIAL SERVICES—TITLE PLANT (ASC 950)

PERSPECTIVE AND ISSUES

DEFINITIONS OF TERMS

CONCEPTS, RULES, AND EXAMPLES

FRANCHISORS (ASC 952)

PERSPECTIVE AND ISSUES

DEFINITIONS OF TERMS

CONCEPTS AND RULES

[NOT-FOR-PROFIT ENTITIES \(ASC 958\)](#)

[PERSPECTIVE AND ISSUES](#)

[DEFINITIONS OF TERMS](#)

[CONCEPTS, RULES, AND EXAMPLES](#)

[PLAN ACCOUNTING \(ASC 960, ASC 962, ASC 965\)](#)

[PERSPECTIVE AND ISSUES](#)

[DEFINITIONS OF TERMS](#)

[CONCEPTS, RULES, AND EXAMPLES](#)

[HEALTH AND WELFARE BENEFIT PLANS \(ASC 965\)](#)

[REAL ESTATE—GENERAL \(ASC 970\)](#)

[PERSPECTIVE AND ISSUES](#)

[DEFINITIONS OF TERMS](#)

[CONCEPTS, RULES, AND EXAMPLES](#)

[REAL ESTATE—COMMON INTEREST REALTY ASSOCIATIONS \(ASC 972\)](#)

[REAL ESTATE—RETAIL LAND \(ASC 976\)](#)

[PERSPECTIVE AND ISSUES](#)

[DEFINITIONS OF TERMS](#)

[CONCEPTS, RULES, AND EXAMPLES](#)

[REAL ESTATE TIME-SHARING ACTIVITIES \(ASC 978\)](#)

[PERSPECTIVE AND ISSUES](#)

[DEFINITIONS OF TERMS](#)

[CONCEPTS, RULES, AND EXAMPLES](#)

[REGULATED OPERATIONS \(ASC 980\)](#)

[PERSPECTIVE AND ISSUES](#)

[CONCEPTS, RULES, AND EXAMPLES](#)

[DEFINITIONS OF TERMS](#)

[SOFTWARE \(ASC 985\)](#)
[PERSPECTIVE AND ISSUES](#)
[DEFINITIONS OF TERMS](#)
[CONCEPTS, RULES, AND EXAMPLES](#)
[NOTES](#)
[APPENDIX A: DEFINITIONS OF TERMS](#)
[NOTE](#)
[APPENDIX B: DISCLOSURE AND PRESENTATION](#)
[CHECKLIST FOR COMMERCIAL BUSINESSES](#)
[INDEX](#)
[END USER LICENSE AGREEMENT](#)

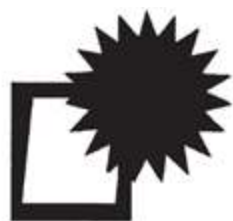
List of Tables

Chapter 10

[Table 10.1](#)

[Table 10.2 Computations of Basic EPS and Diluted EPS](#)

[Table 10.3 Computations of Basic EPS and Diluted EPS](#)



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Practitioner's Guide to GAAP 2023

**Interpretation and Application of
GENERALLY ACCEPTED ACCOUNTING
PRINCIPLES**

Joanne M. Flood, MBA, CPA

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PREFACE

Wiley GAAP 2023: Interpretation and Application provides analytical explanations, copious illustrations, and nearly 300 examples of all current generally accepted accounting principles. The book integrates principles promulgated by the FASB in its *Accounting Standards Codification*.® *Wiley GAAP* is organized to align fully with the structure of the FASB Codification. Each chapter begins with a list of the subtopics included within the topic, scope, scope exceptions, technical alerts of any FASB Updates, and an overview of the topic. The remainder of each chapter contains a detailed discussion of the concepts and practical examples and illustrations. This organization facilitates the primary objective of the book—to assist financial statement preparers and practitioners in resolving the myriad practical problems faced in applying GAAP.

Hundreds of meaningful, realistic examples guide users in the application of GAAP to the complex fact situations that must be dealt with in the real world practice of accounting. In addition to this emphasis, a major strength of the book is that it explains the theory of GAAP in sufficient detail to serve as a valuable adjunct to accounting textbooks. Much more than merely a reiteration of currently promulgated GAAP, it provides the user with the underlying conceptual bases for the rules. It facilitates the process of reasoning by analogy that is so necessary in dealing with the complicated, fast-changing world of commercial arrangements and transaction structures. It is based on the author's belief that proper application of GAAP demands an understanding of the logical underpinnings of all its technical requirements.

As a bonus, a comprehensive presentation and disclosure checklist, available online to all *Wiley GAAP* purchasers, offers practical guidance on preparing financial statements for commercial and not-for-profit entities in accordance with GAAP. For easy reference and research, the checklist also follows the order of the Codification. Go to www.wiley.com/go/GAAP2023 (password: Flood2023).

The author's wish is that this book will serve preparers, practitioners, faculty, and students as a reliable reference tool to facilitate their understanding of, and ability to apply, the complexities of the authoritative literature.

ASUs Issued Since Previous Edition. The following FASB Accounting Standards Updates (ASUs) were issued since *Wiley GAAP 2022* and through June 2022. Their requirements are incorporated into this edition of *Wiley GAAP*, as and where appropriate, and/or in the Technical Alert section at the beginning of the topic referenced in the ASU title.

- **ASU 2021-05**, Leases (Topic 842): Lessors—Certain Leases with Variable Lease Payments
- **ASU 2021-06**, Presentation of Financial Statements (Topic 205), Financial Services—Depository and Lending (Topic 942), and Financial Services—Investment Companies (Topic 946): Amendments to SEC Paragraphs Pursuant to SEC Final Rule Releases No. 33-10786, *Amendments to Financial Disclosures about Acquired and Disposed Businesses*, and No. 33-10835, *Update of Statistical Disclosures for Bank and Savings and Loan Registrants* (SEC Update)
- **ASU 2021-07**, Compensation—Stock Compensation (Topic 718): Determining the Current Price of an Underlying Share for Equity-Classified Share-Based Awards (a consensus of the Private Company Council)

- **ASU 2021-08**, Business Combinations (Topic 805): Accounting for Contract Assets and Contract Liabilities from Contracts with Customers
- **ASU 2021-09**, Leases (Topic 842): Discount Rate for Lessees That Are Not Public Business Entities
- **ASU 2021-10**, Government Assistance (Topic 832): Disclosures by Business Entities about Government Assistance
- **ASU 2022-01**, Derivatives and Hedging (Topic 815): Fair Value Hedging—Portfolio Layer Method
- **ASU 2022-02**, Financial Instruments—Credit Losses (Topic 326): Troubled Debt Restructurings and Vintage Disclosures
- **ASU 2022-02**, Derivatives and Hedging (Topic 815): Fair Value Hedging—Portfolio Layer Method

On the Horizon. Significant accounting changes are on the horizon. In the next year, the FASB is expected to make strides on the following major projects and others:

- Conceptual framework projects on elements, measurement, and presentation
- Credit losses
- Crypto assets
- Environmental credit programs
- Joint Venture Formations
- Hedge accounting
- Identifiable intangible assets
- Insurance
- Leases

- Numerous narrow scope projects
- Reference rate reform
- Segment reporting

Readers are encouraged to check the FASB website for status updates to the above and other FASB projects.

Joanne M. Flood
September 2022

ABOUT THE AUTHOR

Joanne Flood, MBA, CPA, is an author and independent consultant on accounting and auditing technical topics and e-learning. She has experience as an auditor in both an international firm and a local firm and worked as a senior manager in the AICPA's Professional Development group. She received her MBA summa cum laude in accounting from Adelphi University and her bachelor's degree in English from Molloy University. Joanne received the New York State Society of Certified Public Accountants Award of Honor for outstanding scholastic achievement at Adelphi University. Joanne also has a certificate in Designing Interactive Multimedia Instruction from Teachers College, Columbia University.

While in public accounting, Joanne worked for a Big Four accounting firm, auditing major clients in retail, manufacturing, and finance and for a small firm auditing business clients in construction, manufacturing, and professional services. At the AICPA, she developed and wrote e-learning, text, and instructor-led training courses on U.S. and international standards. She also produced training materials in a wide variety of media, including print, video, and audio, and pioneered the AICPA's e-learning product line. Joanne resides on Long Island, New York, with her daughter, Elizabeth. Elizabeth is also Joanne's editorial assistant, providing valuable production and copyediting services. Joanne is the author of the following Wiley publications:

Financial Disclosure Checklist

*Wiley GAAP 2023: Interpretation and Application of
Generally Accepted Accounting Principles*

*Wiley Practitioner's Guide to GAAS 2022: Covering all
SASs, SSAEs, SSARs, and Interpretations*

Wiley GAAP: Financial Statement Disclosures Manual

Wiley Revenue Recognition

CODIFICATION TAXONOMY

<u>Topic # and title</u>		<u>Subtopic # and title</u>	
I. General Principles and Objectives			
105	Generally Accepted Accounting	105-10	Overall Principles
II. Overall Financial Reporting, Presentation, and Display Matters			
A. Overall Presentation of Financial Statements			
205	Presentation of Financial Statements	205-10 205-20 205-30 205-40	Overall Discontinued Operations Liquidation Basis of Accounting Going Concern
210	Balance Sheet	210-10 210-20	Overall Offsetting
215	Statement of Shareholders' Equity	215-10	Overall
220	Income Statement-Reporting Comprehensive Income	220-10 220-20 220-30	Overall Unusual or Infrequently Occurring Items Business Interruption Insurance

230	Statement of Cash Flows	230-10	Overall
235	Notes to Financial Statements	235-10	Overall
B. Various Financial Reporting, Presentation, and Display Matters			
250	Accounting Changes and Error Corrections	250-10	Overall
255	Changing Prices	255-10	Overall
260	Earnings Per Share	260-10	Overall
270	Interim Reporting	270-10	Overall
272	Limited Liability Entities	272-10	Overall
274	Personal Financial Statements	274-10	Overall
275	Risks and Uncertainties	275-10	Overall
280	Segment Reporting	280-10	Overall
III. Transaction-Related Topics			
A. Financial Statement Accounts			
310	Receivables	310-10	Overall
		310-10	Nonrefundable Fees and Other Costs
		20	Loans and Debt Securities