

FASB Accounting Standards Codification®

Editorial and maintenance update 2016-05

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Maintenance Updates provide nonsubstantive corrections to the Codification, such as editorial corrections, various types of link-related changes and changes to source fragment information (used for Cross Reference and Printer-Friendly with Sources). On occasion, a Maintenance Update may include nonsubstantive corrections which are reflected in the relevant Status tables.

Editorial and other corrections that affect versioning of Sections for archive purposes and are reflected in the corresponding Status tables:

1. The amendments in ASU 2013-12 created a definition of “public business entity.” Prior to the issuance of ASU 2013-12, the term “public business entity” was used in paragraphs 275-10-15-6 and 805-10-50-2(h) and was linked properly to the definition of “public entity.” This amendment removes the word “business” from those paragraphs to avoid confusion.

Paragraph	Amended
275-10-15-6	The disclosure requirements of this Topic in many circumstances are similar to or overlap the disclosure requirements in other Topics, for example, Topic 450 and, for public business entities, Subtopic 280-10. The disclosure requirements of this Topic in many circumstances also are similar to or overlap the disclosure requirements of the Securities and Exchange Commission (SEC). This Topic does not alter the requirements of any other Topic or any SEC requirement.
805-10-50-2(h)	If the acquirer is a public business entity, all of the following: 1. The amounts of revenue and earnings of the acquiree since the acquisition date included in the consolidated income statement for the reporting period. 2. If comparative financial statements are not presented, the revenue and earnings of the combined entity for the current reporting period as though the acquisition date for all business combinations that occurred during the year had been as of the beginning of the annual reporting period (supplemental pro forma information). 3. If comparative financial statements are presented, the revenue and earnings of the combined entity as though the business combination(s) that occurred during the current year had occurred as of the beginning of the comparable prior annual reporting period (supplemental pro forma information). For example, for a calendar year-end entity, disclosures would be provided for a business combination that occurs in 20X2, as if it occurred on January 1, 20X1. Such disclosures would not be revised if 20X2 is presented for comparative purposes with the 20X3 financial statements (even if 20X2 is the earliest period presented). 4. The nature and amount of any material, nonrecurring pro forma adjustments directly attributable to the business combination(s) included in the reported pro forma revenue and earnings (supplemental pro forma information).

2. Prior to release of the Codification, paragraphs 470-20-55-39 through 55-43 which were Case 3 (EITF 98-5, Exhibit 98-5A, Case 1(d)) were deleted in accordance with EITF 08-4, Exhibit 08-4A which superseded this Case. This amendment removes the reference to Case C.

Paragraph	Amended
470-20-55-28	>> Example 7: Beneficial Conversion Features or Contingently Adjustable Conversion Ratios 470-20-55-28 The following Cases illustrate the guidance for beneficial conversion features or contingently adjustable conversion ratios for convertible securities: a. Instrument is convertible at inception, fixed dollar conversion terms (Base Case) (Case A). b. Instrument is not convertible at inception, fixed dollar conversion terms (Base Case) (Case B). c. Paragraph superseded by Maintenance Update No. 2016-05. Instrument is convertible at inception, conversion terms are not fixed (Case C). d. Instrument contains a fixed percentage conversion feature dependent on a future event (Case D). e. Convertible instrument contains fixed terms that change based on a future event (Case E). f. Conversion is dependent on a future event and terms are variable (Case F). g. Extinguishment of convertible debt that includes a beneficial conversion feature (Case G).

3. This amendment changes the links in the pending content from ASU 2015-02 from the terms “kick-out rights,” “participating rights,” and “protective rights,” to the terms “kick-out rights (VIE Definition),” “participating rights (VIE Definition),” and “protective rights (VIE Definition).”

Paragraph	Amended
810-10-25-38C	A reporting entity’s determination of whether it has the power to direct the activities of a VIE that most significantly impact the VIE’s economic performance shall not be affected by the existence of {remove glossary link to kick-out rights and add glossary link to kick-out rights (VIE definition)} kick-out rights {remove glossary link to kick-out rights and add glossary link to kick-out rights (VIE definition)} or {remove glossary link to participating rights and add glossary link to participating rights (VIE definition)} participating rights {remove glossary link to participating rights and add glossary link to participating rights (VIE definition)} unless a single reporting entity (including its related parties and de facto agents) has the unilateral ability to exercise those kick-out rights or participating rights. A single reporting entity (including its related parties and de facto agents) that has the unilateral ability to exercise kick-out rights or participating rights may be the party with the power to direct the activities of a variable interest entity that most significantly impact the entity’s economic performance. These requirements related to kick-out rights and participating rights are limited to this particular analysis and are not applicable to transactions accounted for under other authoritative guidance. {remove glossary link to protective rights and add glossary link to protective rights (VIE definition)} Protective rights {remove glossary link to protective rights and add glossary link to protective rights (VIE definition)} held by other parties do not preclude a reporting entity from having the power to direct the activities of a variable interest entity that most significantly impact the entity’s economic performance.
810-10-55-203	The debt holder has the power to take possession of all of the assets of the VIE if there is a materially adverse change under the debt agreement. However, the debt holder’s rights under the materially adverse change clause represent {remove glossary link to protective rights and add glossary link to protective rights (VIE definition)} protective rights {remove glossary link to protective rights and add glossary link to protective rights (VIE definition)}. Protective rights held by other parties do not preclude a reporting entity from having the power to direct the activities of a VIE that most significantly impact the VIE’s economic performance. Protective rights are designed to protect the interests of the party holding those rights without

	giving that party a controlling financial interest in the VIE to which they relate. The debt holder's rights protect the interests of the debt holder; however, the VIE's economic performance is most significantly impacted by the activities over which the furniture manufacturer has power. The debt holder's protective rights do not prevent the furniture manufacturer from having the power to direct the activities of the VIE that most significantly impact the VIE's economic performance.
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4. This amendment removes the link to the term "business" in paragraphs 845-10-15-1 and 845-10-30-3(b), since the term in this paragraph is not used in the context of an integrated set of activities and assets. A link to the Master Glossary term "business" is added to paragraph 845-10-15-20(e) in current and pending text and to paragraph 845-10-30-10.

Paragraph	Amended
845-10-15-15	Paragraph 360-20-15-10(c) indicates that the accounting for exchanges of real estate is covered by this Topic and not by Subtopic 360-20. However, under paragraph 845-10-25-6, an exchange of nonmonetary assets that would otherwise be based on recorded amounts under paragraph 845-10-30-3 but that involves boot shall be considered a monetary (rather than nonmonetary) transaction if the boot is at least 25 percent of the fair value of the exchange. As a result, the guidance is different for exchanges of real estate held for sale in the ordinary course of {remove glossary link}business{remove glossary link} for real estate to be sold in the same line of business when the boot is at least 25 percent of the fair value of the exchange (referred to as exchanges of similar real estate).
845-10-30-3(b)	The transaction is an exchange of a product or property held for sale in the ordinary course of {remove glossary link}business{remove glossary link} for a product or property to be sold in the same line of business to facilitate sales to customers other than the parties to the exchange.
845-10-30-10	Accounting for the distribution of nonmonetary assets to owners of an entity in a spinoff or other form of reorganization or liquidation or in a plan that is in substance the rescission of a prior business combination shall be based on the recorded amount (after reduction, if appropriate, for an indicated impairment of value) (see paragraph 360-10-40-4) of the nonmonetary assets distributed. Subtopic 505-60 provides additional guidance on the distribution of nonmonetary assets that constitute a {add glossary link}business{add glossary link} to owners of an entity in transactions commonly referred to as spinoffs. A pro rata distribution to owners of an entity of shares of a subsidiary or other investee entity that has been or is being consolidated or that has been or is being accounted for under the equity method is to be considered to be equivalent to a spinoff. Other nonreciprocal transfers of nonmonetary assets to owners shall be accounted for at fair value if the fair value of the nonmonetary asset distributed is objectively measurable and would be clearly realizable to the distributing entity in an outright sale at or near the time of the distribution.

5. This amendment adds clarification to the following paragraph by adding a glossary link.

Paragraph	Amended
860-20-25-9(b)	A change in market prices (for example, an increase in price that moves into the money a {add glossary link}freestanding call option{add glossary link} on a non-readily-obtainable, transferred financial asset that was originally sufficiently out of the money that it was judged not to constrain the transferee).

6. This amendment corrects the reference to SEC Form N-1A 13(a) from SEC Form N-1A 8(a).

Paragraph	Amended
946-205-45-1 Footnote (e)	Item 13(a) ^{8(a)} of SEC Form N-1A requires financial highlights to be presented for the latest five years in the fund's prospectus. Item 4 of SEC Form N-2 requires financial highlights to be presented for the latest ten years in the fund's prospectus.

7. This amendment amends the heading before paragraph 958-205-45-22 for clarification.

Paragraph	Amended
The heading preceding paragraph 958-205-45-22	>> Losses and Other Accounting Disclosures of an Endowment Fund

8. This amendment incorporates wording from Question 5 of the FASB Special Report, *A Guide to Implementation of Statement 115 on Accounting for Certain Investments in Debt and Equity Securities* into paragraph 958-320-25-2. Question 5 indicates that condition (c) of the definition of *readily determinable value* may be applied to investments other than investments in a mutual fund. The Master Glossary definition was changed in Accounting Standards Update No. 2015-10, *Technical Corrections and Improvements*, but paragraph 958-320-25-2(c) was not updated.

Paragraph	Amended
958-320-25-2(c)	For an investment in a mutual fund <u>or in a structure similar to a mutual fund (that is, a limited partnership or a venture capital entity)</u> , the fair value per share (unit) is determined and published and is the basis for current transactions.

9. This amendment updates the listing of Subtopics in paragraph 980-10-05-1 due to the addition of the Subtopic, Derivatives and Hedging, by Accounting Standards Update No. 2014-09, *Revenue from Contracts with Customers*, on May 28, 2014.

Paragraph	Amended
980-10-05-1	Transition Date: (P) December 16, 2017; (N) December 16, 2018 Transition Guidance: 606-10-65-1 The Regulated Operations Topic includes the following Subtopics: a. Overall b. Discontinuation of Rate-Regulated Accounting c. Accounting Changes and Error Corrections d. Other Assets and Deferred Costs e. Intangibles—Goodwill and Other f. Property, Plant, and Equipment g. Liabilities h. Asset Retirement and Environmental Obligations i. Contingencies j. Debt k. Revenue Recognition—Alternative Revenue Programs l. Compensation—General m. Compensation—Retirement Benefits n. Income Taxes o. Consolidation <u>oo. Derivatives and Hedging</u> p. Interest q. Leases.

10. Updates to the Status (00) Sections in the Subtopics amended by paragraphs 1-9 of this maintenance update.

Paragraph	Amended			
275-10-00-1	<u>275-10-15-6</u>	<u>Amended</u>	<u>Maintenance Update 2016-05</u>	<u>04/12/2016</u>

470-20-00-1	<u>470-20-55-28</u>	<u>Amended</u>	<u>Maintenance Update 2016-05</u>	<u>04/12/2016</u>
805-10-00-1	<u>805-10-50-2</u>	<u>Amended</u>	<u>Maintenance Update 2016-05</u>	<u>04/12/2016</u>
810-10-00-1	<u>810-10-25-38C</u>	<u>Amended</u>	<u>Maintenance Update 2016-05</u>	<u>04/12/2016</u>
	<u>810-10-55-203</u>	<u>Amended</u>	<u>Maintenance Update 2016-05</u>	<u>04/12/2016</u>
845-10-00-1	<u>845-10-15-15</u>	<u>Amended</u>	<u>Maintenance Update 2016-05</u>	<u>04/12/2016</u>
	<u>845-10-15-20</u>	<u>Amended</u>	<u>Maintenance Update 2016-05</u>	<u>04/12/2016</u>
	<u>845-10-30-3</u>	<u>Amended</u>	<u>Maintenance Update 2016-05</u>	<u>04/12/2016</u>
	<u>845-10-30-10</u>	<u>Amended</u>	<u>Maintenance Update 2016-05</u>	<u>04/12/2016</u>
860-20-00-1	<u>860-20-25-9</u>	<u>Amended</u>	<u>Maintenance Update 2016-05</u>	<u>04/12/2016</u>
946-205-00-1	No updates have been made to this subtopic. The following table identifies the changes made to this Subtopic.			
	<u>Paragraph</u>	<u>Action</u>	<u>Accounting Standards Update</u>	<u>Date</u>
	<u>946-205-45-1</u>	<u>Amended</u>	<u>Maintenance Update 2016-05</u>	<u>04/12/2016</u>
958-205-00-1	<u>958-205-45-22</u>	<u>Amended</u>	<u>Maintenance Update 2016-05</u>	<u>04/12/2016</u>
958-320-00-1	<u>958-320-25-2</u>	<u>Amended</u>	<u>Maintenance Update 2016-05</u>	<u>04/12/2016</u>
980-10-00-1	<u>980-10-05-1</u>	<u>Amended</u>	<u>Maintenance Update 2016-05</u>	<u>04/12/2016</u>