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Effective Dates of Recent FASB Pronouncements

Last Updated: January 7, 2005

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Effective Dates of Recent FASB Documents

FAS 123(R), Share-Based Payment—Statement 123, as originally issued, is effective until the provisions of Statement 123(R) are fully adopted. Statement 123(R) is effective:

- a. For public entities that do not file as small business issuers—as of the beginning of the first interim or annual reporting period that begins after June 15, 2005
- b. For public entities that file as small business issuers—as of the beginning of the first interim or annual reporting period that begins after December 15, 2005
- c. For nonpublic entities—as of the beginning of the first annual reporting period that begins after December 15, 2005.

FAS 132(R), Employers' Disclosures about Pensions and Other Postretirement Benefits—Statement 132, as originally issued, is effective until the provisions of Statement 132(R) are fully adopted. All new disclosure requirements for the domestic plans of publicly traded entities are effective for years ending after December 15, 2003. Estimated future benefit payments, and all other new disclosure requirements for foreign plans and nonpublic entities are effective for years ending after June 15, 2004.

FAS 150, Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity, requires financial instruments within its scope to be classified as liabilities (or assets in some circumstances). The Statement is effective for financial

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instruments entered into or modified after May 31, 2003, and otherwise effective at the beginning of the first interim period beginning after June 15, 2003, except for certain mandatorily redeemable financial instruments. It is to be implemented by reporting the cumulative effect of a change in an accounting principle for financial instruments created before the issuance date of the Statement and still existing at the beginning of the interim period of adoption. Restatement is not permitted. The effective date of certain provisions of Statement 150 for certain mandatorily redeemable financial instruments has been deferred by FSP FAS 150-3. Under the FSP, certain mandatorily redeemable shares are subject to the provisions of Statement 150 for the first fiscal period beginning after December 15, 2004. Other mandatorily redeemable shares are deferred indefinitely but may be subject to classification or disclosure provisions of the Statement. A [table](#) indicating the revised effective dates of Statement 150 for particular kinds of entities and instruments is available on the FASB website.

FAS 151, *Inventory Costs*. This Statement is effective for inventory costs incurred during fiscal years beginning after June 15, 2005. Earlier application is permitted for inventory costs incurred during fiscal years beginning after November 24, 2004. The provisions of this Statement should be applied prospectively.

FAS 152, *Accounting for Real Estate Time-Sharing Transactions*. This Statement is effective for financial statements for fiscal years beginning after June 15, 2005. Restatement of previously issued financial statements is not permitted.

FAS 153, *Exchanges of Nonmonetary Assets*. The provisions of this Statement is effective for nonmonetary asset exchanges occurring in fiscal periods beginning after June 15, 2005. Earlier application is permitted for nonmonetary asset exchanges occurring in fiscal periods beginning after December 16, 2004. The provisions of this Statement should be applied prospectively.

FIN 46(R), *Consolidation of Variable Interest Entities*, applies at different dates to different types of enterprises and entities, and special provisions apply to enterprises that have fully or partially applied Interpretation 46 prior to issuance of Interpretation 46(R). Application of Interpretation 46 or Interpretation 46(R) is required in financial statements of public entities that have interests in variable interest entities or potential variable interest entities commonly referred to as special-purpose entities for periods ending after December 15, 2003. Application by public entities (other than small business issuers) for all other types of entities is required in financial statements for periods ending after March 15, 2004. Application by small business issuers to entities other than special-purpose entities and by nonpublic entities to all types of entities is required at various dates in 2004 and 2005. In some instances, enterprises have the option of applying or continuing to apply Interpretation 46 for a short period of time before applying Interpretation 46(R).

Effective Dates of Recent EITF Consensuses

The effective dates of EITF consensuses that, if not already adopted, will become effective during 2004 or 2005, are listed here as a reference for our constituents.

Absent unique transition or effective date considerations specific to a particular issue, EITF consensuses are effective for transactions or arrangements entered into after the beginning of an entity's next reporting period beginning after the date of Board ratification of a consensus.^{1,2} For purposes of determining any cumulative effect of adopting a consensus, that determination must be made as of the beginning of the fiscal year containing the fiscal period during which the consensus becomes effective.³ Issues marked with an asterisk (*) have unique transition considerations, which are fully described in EITF Abstracts or the latest EITF meeting minutes.

1. Issue No. 02-14, "Whether an Investor Should Apply the Equity Method of Accounting to Investments Other Than Common Stock." A consensus was reached regarding an investor that has the ability to exercise significant influence over the operating and financial policies of the investee. This type of investor should apply the equity method of accounting only when it has an investment(s) in common stock and/or an investment that is in-substance common stock. The Task Force also reached a consensus on the definition of in-substance common stock and related guidance. Effective for reporting periods beginning after September 15, 2004.

*2. Issue No. 03-1, "The Meaning of Other-Than-Temporary Impairment and Its Application to Certain Investments." The consensus reached at the March 17-18, 2004 EITF meeting provided guidance for evaluating whether an investment is other-than-temporarily impaired (see paragraphs 6-20 of this Issue in *EITF Abstracts*) and was effective for other-than-temporary impairment evaluations made in reporting periods beginning after June 15, 2004. However, the guidance contained in paragraphs 10-20 of this Issue in *EITF Abstracts* has been delayed by FSP EITF Issue 03-1-1, "Effective Date of Paragraphs 10–20 of EITF Issue No. 03-1, 'The Meaning of Other-Than-Temporary Impairment and Its Application to Certain Investments,'" posted September 30, 2004. The delay of the effective date for paragraphs 10–20 will be superseded concurrent with the final issuance of proposed FSP EITF Issue 03-1-a, "Implication Guidance for the Application of Paragraph 16 of EITF Issue No. 03-1, 'The Meaning of Other-Than-Temporary Impairment and Its Application to Certain Investments.'" The disclosures continue to be effective in annual financial statements for fiscal years ending after December 15, 2003, for investments accounted for under Statements 115 and 124. For all other investments within the scope of this Issue, the disclosures continue to be effective in annual financial statements for fiscal years ending after June 15, 2004. The

additional disclosures for cost method investments continue to be effective for fiscal years ending after June 15, 2004.

3. Issue No. 03-6, "Participating Securities and the Two-Class Method under FASB Statement No. 128, *Earnings per Share*." Effective for reporting periods beginning after March 31, 2004. Prior period earnings per share should be restated to conform to the guidance in this Issue.

4. Issue No. 03-10, "Application of EITF Issue No. 02-16, 'Accounting by a Customer (Including a Reseller) for Certain Consideration Received from a Vendor,' by Resellers to Sales Incentives Offered to Consumers by Manufacturers." Effective for reporting periods beginning after November 25, 2003.

5. Issue No. 03-12, "Impact of FASB Interpretation No. 45, *Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others*, on EITF Issue No. 95-1, 'Revenue Recognition on Sales with a Guaranteed Minimum Resale Value.'" Effective for reporting periods beginning after November 25, 2003.

*6. Issue No. 03-13, "Applying the Conditions in Paragraph 42 of FASB Statement No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets*, in Determining Whether to Report Discontinued Operations." The guidance should be applied to a component of an enterprise that is either disposed of or classified as held for sale in fiscal periods beginning after December 15, 2004. Operating results related to a component that is either disposed of or classified as held for sale within an enterprise's fiscal year that includes November 30, 2004, may be classified to reflect the consensus.

*7. Issue No. 03-16, "Accounting for Investments in Limited Liability Companies." Effective for reporting periods beginning after June 15, 2004.

*8. Issue No. 04-1, "Accounting for Preexisting Relationships between the Parties to a Business Combination" Effective for business combinations consummated and goodwill impairment tests performed in reporting periods beginning after October 13, 2004.

*9. Issue 04-2, "Whether Mineral Rights are Tangible or Intangible Assets." Effective for reporting periods beginning after April 29, 2004.

*10. Issue No. 04-3, "Mining Assets: Impairment and Business Combinations." Effective for reporting periods beginning after March 31, 2004.

*11. Issue No. 04-8, Issue No. 04-8, "The Effect of Contingently Convertible Instruments on Diluted Earnings per Share." Effective for reporting periods ending after December 15, 2004. Refer to the EITF Abstracts and latest EITF minutes for unique transition provisions.

*12. Issue No. 04-10, "Determining Whether to Aggregate Operating Segments That Do Not Meet the Quantitative Thresholds." At the November 17–18, 2004 EITF meeting, the Task Force agreed that the effective date of the consensus in Issue 04-10 should coincide with the effective date of the anticipated FSP that will address the meaning of similar economic characteristics. Accordingly, the Task Force has delayed the effective date of Issue 04-10. However, early application of this consensus is permitted. The FASB staff anticipates that the final issuance of the FSP and its effective date will be in 2005.

*13. Topic No. D-108, "Use of the Residual Method to Value Acquired Assets Other Than Goodwill." Registrants should apply guidance to business combinations completed September 29, 2004. Further, registrants who have applied the residual method to the valuation of intangible assets for purposes of impairment testing should perform an impairment test applying this guidance by no later than the beginning of their first fiscal year beginning after December 15, 2004. Impairments of intangible assets recognized upon application of a direct value method by entities previously applying the residual method should be reported as a cumulative effect of a change in accounting principle.

¹In the next technical corrections Statement issued by the FASB, the last sentence of paragraph 5 of FASB Interpretation No. 20, *Reporting Accounting Changes under AICPA Statements of Position*, will be modified to reflect that decision.

²For public entities that issue interim financial statements, that next reporting period will be the next interim period. For nonpublic entities, that next reporting period will be the next fiscal year.

³APB Opinion No. 28, *Interim Financial Reporting*, and FASB Statement No. 3, *Reporting Accounting Changes in Interim Financial Statements*, provide guidance on reporting accounting changes in interim financial statements.

Effective Dates of Recent FASB Staff Positions

The effective dates of FASB Staff Positions that, if not already adopted, will become effective during 2004 or 2005, are listed here as a reference for our constituents.

Absent unique transition or effective date considerations, FSPs are effective for transactions or arrangements entered into after the

beginning of an entity's next reporting period beginning after the final FSP is posted to the FASB website. The transition provisions are the same as those for EITF consensuses.

1. FSP FAS 97-1, "Situations in Which Paragraphs 17 (b) and 20 of FASB Statement No. 97, *Accounting and Reporting by Insurance Enterprises for Certain Long-Duration Contracts and for Realized Gains and Losses from the Sale of Investments*, Permit or Require Accrual of an Unearned Revenue Liability." Posted on June 18, 2004. Effective immediately for financial statements issued after June 18, 2004. If applying this FSP results in changes to previously reported information, the cumulative effect of the accounting change should be reported as of the beginning of the first period beginning after June 18, 2004.

2. FSP FAS 106-1, "Accounting and Disclosure Requirements Related to the Medicare Prescription Drug, Improvement and Modernization Act of 2003." Posted on January 12, 2004. Effective for interim or annual financial statements of fiscal years ending after December 7, 2003.

3. FSP FAS 106-2, "Accounting and Disclosure Requirements Related to the Medicare Prescription Drug, Improvement and Modernization Act of 2003." Posted on May 19, 2004. Except for certain nonpublic entities, this FSP is effective for the first interim or annual period beginning after June 15, 2004. For a nonpublic entity, as defined in FASB Statement No. 87, *Employers' Accounting for Pensions*, that sponsors one or more defined benefit postretirement health care plans that provide prescription drug coverage but of which no plan has more than 100 participants, this FSP is effective for fiscal years beginning after December 15, 2004. Earlier application of this FSP is encouraged. A [flowchart](#) illustrating the transition provisions of this FSP is available on the FASB website.

*4. FSP FAS 109-1, "Application of FASB Statement No. 109, *Accounting for Income Taxes*, to the Tax Deduction on Qualified Production Activities Provided by the American Jobs Creation Act of 2004." Posted on December 21, 2004. Effective immediately.

5. FSP FAS 109-2, "Accounting and Disclosure Guidance for the Foreign Earnings Repatriation Provision within the American Jobs Creation Act of 2004." Posted on December 21, 2004. Effective immediately.

6. FSP FAS 129-1, "Disclosure Requirements under FASB Statement No. 129, *Disclosure of Information about Capital Structure, Relating to Contingently Convertible Securities*." Posted on April 9, 2004. Effective immediately.

7. FSP FAS 141-1 and FAS 142-1, "Interaction of FASB Statements

No. 141, *Business Combinations*, and No. 142, *Goodwill and Other Intangible Assets*, and EITF Issue No. 04-2, "Whether Mineral Rights Are Tangible or Intangible Assets." Posted on April 30, 2004. The guidance in this FSP should be applied to the first reporting period beginning after April 29, 2004. If the guidance in this FSP results in the recharacterization of an asset, prior-period amounts on the statements of financial position should be reclassified. Any effects on amortization or depreciation of the asset should be accounted for prospectively. Early application of this guidance is permitted in periods for which financial statements have not yet been issued.

8. FSP FAS 142-2, "Application of FASB Statement No. 142, *Goodwill and Other Intangible Assets*, to Oil- and Gas-Producing Entities." Effective for reporting periods beginning after September 2, 2004. If the guidance in this FSP results in the reclassification of an asset, prior-period amounts on the statements of financial position should be reclassified. Early application of this guidance is permitted in periods for which financial statements have not yet been issued.

9. FSP FAS 144-1, "Determination of Cost Basis for Foreclosed Assets under FASB Statement No. 15, *Accounting by Debtors and Creditors for Troubled Debt Restructurings*, and the Measurement of Cumulative Losses Previously Recognized under Paragraph 37 of FASB Statement No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets*." Posted on November 11, 2003. Effective immediately. If applying this FSP results in changes to previously reported information, the cumulative effect of the accounting change should be reported as of the beginning of the first period ending after November 11, 2003. The requirements of this FSP may be applied by restating previously issued financial statements for one or more years with a cumulative-effect adjustment as of the beginning of the first year restated.

10. FSP FAS 150-1, "Issuer's Accounting for Freestanding Financial Instruments Composed of More Than One Option or Forward Contract Embodying Obligations under FASB Statement No. 150, *Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity*." Posted on October 16, 2003. Effective immediately for freestanding financial instruments issued by entities to which the requirements of Statement 150 have already been applied. The guidance should be applied for other entities as part of the adoption of Statement 150. If this guidance results in changes to previously reported information, the cumulative effect should be reported according to the provisions of Statement 150, in the first period beginning after October 16, 2003.

11. FSP FAS 150-2, "Accounting for Mandatorily Redeemable Shares Requiring Redemption by Payment of an Amount That Differs from the Book Value of Those Shares, under FASB Statement No. 150, *Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity*." Posted on October 16, 2003. Effective immediately for freestanding financial instruments

issued by entities to which the requirements of Statement 150 have already been applied. The guidance should be applied for other entities as part of the adoption of Statement 150. If this guidance results in changes to previously reported information, the cumulative effect should be reported according to the provisions of Statement 150, in the first period beginning after October 16, 2003.

12. FSP FAS 150-3, "Effective Date, Disclosures, and Transition for Mandatorily Redeemable Financial Instruments of Certain Nonpublic Entities and Certain Mandatorily Redeemable Noncontrolling Interests under FASB Statement No. 150, *Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity*." Posted on November 7, 2003. The effective date of Statement 150 is deferred under certain circumstances.

13. FSP FAS 150-4, "Issuers' Accounting for Employee Stock Ownership Plans under FASB Statement No. 150, *Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity*." Posted on November 7, 2003. Effective immediately for financial statements issued after November 7, 2003. If applying this FSP results in changes to previously reported information, the cumulative effect of the accounting change should be reported as of the beginning of the first period beginning after November 7, 2003.

14. FSP FIN 45-2, "Whether FASB Interpretation No. 45, *Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others*, Provides Support for Subsequently Accounting for a Guarantor's Liability at Fair Value." Posted on December 10, 2003. Effective immediately.

15. FSP FIN 46-8, "Evaluating Whether as a Group the Holders of the Equity Investment at Risk Lack the Direct or Indirect Ability to Make Decisions about an Entity's Activities through Voting Rights or Similar Rights under FASB Interpretation No. 46, *Consolidation of Variable Interest Entities*." Posted on December 19, 2003. Effective for all arrangements to which Interpretation 46 has been or will be applied. If the application of this FSP results in changes to previously reported information, the cumulative effect of the accounting change should be reported as of the beginning of the quarter that includes December 19, 2003 (the quarter beginning October 1, 2003, for a calendar-year entity).

16. FSP FIN 46(R)-1, "Reporting Variable Interests in Specified Assets of Variable Interest Entities as Separate Variable Interest Entities under Paragraph 13 of FASB Interpretation No. 46 (revised December 2003), *Consolidation of Variable Interest Entities*." Posted on February 12, 2004. Guidance in this FSP is subject to the effective date and transition provisions of Interpretation 46 (revised December 2003).

17. FSP FIN 46(R)-2, "Calculation of Expected Losses under FASB

Interpretation No. 46 (revised December 2003), *Consolidation of Variable Interest Entities*." Posted on February 12, 2004. Guidance in this FSP is subject to the effective date and transition provisions of Interpretation 46 (revised December 2003).

18. FSP FIN 46(R)-3, "Evaluating Whether as a Group the Holders of the Equity Investment at Risk Lack the Direct or Indirect Ability to Make Decisions about an Entity's Activities through Voting Rights or Similar Rights under FASB Interpretation No. 46 (revised December 2003), *Consolidation of Variable Interest Entities*." Posted on February 12, 2004. Guidance in this FSP is subject to the effective date and transition provisions of Interpretation 46 (revised December 2003).

19. FSP FIN 46(R)-4, "Technical Correction of FASB Interpretation No. 46 (revised December 2003), *Consolidation of Variable Interest Entities*, Relating to Its Effects on Question No. 12 of EITF Issue No. 96-21, "Implementation Issues in Accounting for Leasing Transactions involving Special-Purpose Entities." Posted on April 30, 2004. The guidance in this FSP should be applied in accordance with the effective date and transition provisions of Interpretation 46 (revised December 2003).

20. FSP EITF Issue 03-1-1, "Effective Date of Paragraphs 10–20 of EITF Issue No. 03-1, 'The Meaning of Other-Than-Temporary Impairment and Its Application to Certain Investments.'" Posted on September 30, 2004. Effective immediately.