

Interpretation of the Emerging Accounting Issues (E) Working Group**INT 08-03: EITF 06-9: Reporting a Change in (or the elimination of) a Previously Existing Difference Between the Fiscal Year-End of a Parent Company and that of a Consolidated Entity or Between the Reporting Period of an Investor and that of an Equity Method Investee****ISSUE NULLIFIED BY SSAP NO. 48 AND SSAP NO. 97****INT 08-03 Dates Discussed**

March 29, 2008; May 31, 2008

INT 08-03 References

SSAP No. 3—Accounting Changes and Correction of Errors (SSAP No. 3)

SSAP No. 48—Joint Ventures, Partnerships and Limited Liability Companies

SSAP No. 97—Investments in Subsidiary, Controlled, and Affiliated Entities, a Replacement of SSAP No. 88 (SSAP No. 97)

INT 08-03 Issue

1. EITF 06-9 was issued in November 2006 to address how a parent or investor should recognize a change to the reporting year-end of either a consolidated entity or an equity method investee, including changes in, or the elimination of, previously existing differences (lag period) due to the parent's or investor's ability to obtain financial results from a reporting period that is more consistent with, or the same as, that of the parent or investor.

2. As noted within paragraph 1 of EITF 06-9:

ARB 51 and Opinion 18 allow a parent to have a difference between the parent's reporting year-end and the reporting year-end of a consolidated entity or an investor to have a difference between the reporting year-end of the investor and the reporting year-end of an equity method investee to consolidate the results of an entity's operations (or recognize changes in the net assets of an equity method investment). In practice, questions have arisen as how a parent or investor should recognize a change to the reporting year-end of either a consolidated entity or an equity method investee. That change may include a change in or the elimination of the previously existing difference (lag period) due to the parent's or investor's ability to obtain financial results from a reporting period that is more consistent with, or the same as, that of the parent or investor.

3. Per EITF 06-9, paragraph 2, the issue is how a parent should recognize the effect of a change to (or the elimination of) an existing difference between the parent's reporting period and the reporting period of a consolidated entity or between the reporting period of an investor and the reporting period of an equity method investee.

4. The FASB Emerging Issues Task Force reached the following consensuses in paragraphs 4-7 of EITF 06-9:

4. The FASB Emerging Issues Task Force reached a consensus that a parent or an investor should report a change to (or the elimination of) a previously existing difference between the parent's reporting period and the reporting period of a consolidated entity or between the reporting period of an investor and the reporting period of an equity method

investee in the parent's or investor's consolidated financial statement as a change in accounting principle in accordance with the provisions of FASB Statement 154. The Task Force noted that while Statement 154 generally requires voluntary changes in accounting principles to be reporting retrospectively, retrospective application is not required if it is impracticable to apply the effects of the change pursuant to paragraph 11 of Statement 154. In reaching the consensus, the Task Force concluded that the change or elimination of a lag period represents a change in accounting principle as defined in Statement 154.

5. The Task Force reached a consensus that an entity should make the disclosures required pursuant to Statement 154.

INT 08-03 Discussion

5. Statutory accounting principles prohibits the consolidation of majority-owned subsidiaries, for statutory purposes, therefore the consolidation guidance in EITF 06-9 is rejected. The remaining issue pertains to changes affecting companies reporting investments in SCA entities using the equity method. Concerning this issue, investments in SSAP No. 97 paragraph 8.b.i. entities are required to be calendar year-end. SSAP No. 97 paragraph 8.b.ii.-8.b.iv. entities may have other fiscal year ends, thus this issue could apply to equity method investments under 8bii-8biv or under equity method investments valued that fall within the scope of SSAP No. 48. The Working Group reached a consensus to adopt the guidance included in EITF 06-9 that defines such reporting period changes as a change in accounting principle in accordance with *SSAP No. 3—Accounting Changes and Corrections of Errors*, modified to apply only to equity method investments. For instances in which this change in accounting principle occurs, disclosure requirements of SSAP No. 3 shall be followed.

INT 08-03 Status

6. No further discussion is planned.