Statutory Issue Paper No. 127

Exchanges of Nonmonetary Assets, A Replacement of SSAP No. 28—Nonmonetary Transactions

STATUS
Finalized March 6, 2006

Original SSAP and Current Authoritative Guidance: SSAP No. 90 and SSAP No. 95

Type of Issue:
Common Area

SUMMARY OF ISSUE

1. Existing statutory accounting literature for nonmonetary transactions is maintained within *SSAP No. 28—Nonmonetary Transactions* (SSAP No. 28), which is based on *Accounting Principles Board Opinion No. 29, Accounting for Nonmonetary Transactions* (APB 29). APB 29 is based on the principle that exchanges of nonmonetary assets should be measured based on the fair value of the assets exchanged. However, this guidance includes an exception to this basic premise for nonmonetary exchanges of similar productive assets. *Statement of Financial Accounting Standards No. 153*: *Exchanges of Nonmonetary Assets, an amendment of APB Opinion No. 29* (FAS 153), eliminates this exception and replaces it with a general exception for exchanges of nonmonetary assets that do not have commercial substance. A nonmonetary exchange has commercial substance if the future cash flows of the reporting entity are expected to change significantly as a result of the exchange.

2. The concept of similar productive assets is brought into statutory accounting by the adoption of APB 29 in SSAP No. 28. The concept of commercial substance introduced in FAS 153 is not explicitly discussed in statutory accounting.

FAS 153 affects the following:

- *APB Opinion No. 29, Accounting for Nonmonetary Transactions* (APB 29) which is adopted in *SSAP No. 28—Nonmonetary Transactions*
- Amends *FAS 19, Financial Accounting and Reporting by Oil and Gas Producing Companies*, which is not applicable to statutory accounting
- Amends *FAS 140, Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities, A Replacement of FASB Statement 125*, which is adopted with modification in *SSAP No. 91—Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities* (SSAP No. 91)
- Amends FAS 144, which is adopted with modification in *SSAP No. 90—Accounting for the Impairment or Disposal of Real Estate Investments* (SSAP No. 90)

3. Statutory accounting principles currently exist for nonmonetary exchanges in *SSAP No. 28—Nonmonetary Transactions* (SSAP No. 28). Some elements of APB 29 were adopted and modified for statutory accounting and reporting directly within SSAP No. 28. Other requirements of APB 29 were adopted through reference as in paragraph 3 of SSAP No. 28:

> 3. Except as addressed in other statements (including, but not limited to, *SSAP No. 12—Employee Stock Ownership Plans* (SSAP No. 12), *SSAP No. 13—Stock Option and Stock Purchase Plans* (SSAP No. 13), *SSAP No. 25—Accounting for and Disclosures about Transactions with Affiliates and Other Related Parties* (SSAP No. 25), *SSAP No. 68—Business*

Combinations and Goodwill (SSAP No. 68), and

of a Business (INT 00-26), *INT 00-29: EITF 99-17: Accounting for Advertising Barter Transactions* (INT 00-29), and *INT 03-16: Contribution of Stock* (INT 03-16).

8. Accounting for nonmonetary transactions shall generally be based on the fair values of the assets

a. The configuration (risk, timing, and amount)[1] of the future cash flows of the asset(s) received differs significantly from the configuration of the future cash flows of the asset(s) transferred.

b. The entity-specific value[2] of the asset(s) received differs from the entity-specific value of the asset(s) transferred, and the difference is significant in relation to the fair values of the assets exchanged.

A qualitative assessment will, in some cases, be conclusive in determining that the estimated cash flows of the entity are expected to significantly change as a result of the exchange.

12. In the United States and some other tax jurisdictions, a transaction is not given effect for tax purposes unless it serves a legitimate business purpose other than tax avoidance. In assessing the commercial substance of an exchange, tax cash flows that arise solely because the tax business purpose is based on achieving a specified financial reporting result shall not be considered.

13. Stock received in the form of a stock dividend or stock split shall not result in the recognition of income. The cost basis of stock held shall be reallocated ratably to the total shares held after receipt of the stock dividend or stock split.

14. The exchanges of nonmonetary assets that would otherwise be based on recorded amounts (paragraphs 10 and 11) may include an amount of monetary consideration. The recipient of the monetary consideration has realized gain on the exchange to the extent that the amount of the monetary receipt exceeds a proportionate share of the recorded amount of the asset surrendered. The portion of the cost applicable to the realized amount should be based on the ratio of the monetary consideration to the total consideration received (monetary consideration plus the estimated fair value of the nonmonetary asset received) or, if more clearly evident, the fair value of the nonmonetary asset transferred. However, the entity paying the monetary consideration should not recognize any gain on a transaction covered in paragraphs 10 and 11 but should record the asset received at the amount of the monetary consideration paid plus the recorded amount of the nonmonetary asset surrendered. If a loss is indicated by the terms of a transaction described in this paragraph or in pa

16. Fair value of a nonmonetary asset transferred to or from a reporting entity in a nonmonetary transaction should be determined by referring to estimated realizable values in cash transactions of the same or similar assets, quoted market prices, independent appraisals, estimated fair values of assets or services received in exchange, and other available

- *SSAP No. 13—Stock Options and Stock Purchase Plans*

31. This issue paper continues the adoption of EITF 86-29 and EITF 93-11 consistent with the general rule discussed in paragraph 26 above.

32. This issue paper continues the rejection of paragraph 16 of *Accounting Principles Board Opinion No. 6, Status of Accounting Research Bulletins and Emerging Issues Task Force No. 96-4, Accounting for Reorganizations Involving a Non-Pro Rata Split-off of Certain Nonmonetary Assets to Owners*.

33. The conclusions above are consistent with the recognition concept included in the Statement of Concepts. The recognition concept states:

> The principal focus of solvency measurement is determination of financial condition through analysis of the balance sheet. However, protection of the policyholders can only be maintained through continued monitoring of the financial condition of the insurance enterprise. Operating performance is another indicator of an enterprise's ability to maintain itself as a going concern. Accordingly, the income statement is a secondary focus of statutory accounting and should not be diminished in importance to the extent cont

services received by an enterprise as well as for measuring gain or loss on nonmonetary assets transferred from an enterprise. Some transactions, however, involve either (a) an exchange with another entity (reciprocal transfer[1]) that involves principally nonmonetary assets or liabilities[1] or (b) a transfer of nonmonetary assets for which no assets are received or relinquished in exchange (nonreciprocal transfer[1]). Both exchanges and nonreciprocal transfers that involve little or no monetary assets or liabilities are referred to in this section as nonmonetary transactions.

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[1] See paragraph 3 of this Opinion for definitions of these terms.

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2. Questions have been raised concerning the determination of the amount to assign to a nonmonetary asset transferred to or from an enterprise in a nonmonetary transaction and also concerning the recognition of a gain or loss on a nonmonetary asset transferred from an enterprise in a nonmonetary transaction. Practice has varied; some nonmonetary transactions have been accounted for at the estimated fair value of the assets transferred and some at the amounts at which the assets transferred were previously recorded. This Opinion sets forth the views of the Board on accounting for nonmonetary transactions.

Definitions

3. The meanings of certain terms used in this section are:

   a. Monetary assets and liabilities are assets and liabilities whose amounts are fixed in terms of units of currency by contract or otherwise. Examples are cash, short or long-term accounts and notes receivable in cash, and short- or long-term accounts and notes payable in cash.[2]

   b. Nonmonetary assets and liabilities are assets and liabilities other than monetary ones. Examples are inventories; investments in common stocks; property, plant and equipment; and liabilities for rent collected in advance. [2]

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[2] *APB Statement No. 3, Financial Statements Restated for General Price-Level Changes*, paragraphs 17-19, and Appendix B, contains a more complete explanation of monetary and nonmonetary items.

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   c. Exchange (or exchange transaction) is a reciprocal transfer between an enterprise and another entity that results in the enterprise's acquiring assets or services or satisfying liabilities by surrendering other assets or services or incurring other obligations. A reciprocal transfer of a nonmonetary asset shall be deemed an exchange only if the transferor has no substantial continuing involvement in the transferred asset such that the usual risks and rewards of ownership of the asset are transferred.

   d. Nonreciprocal transfer is a transfer of assets or services in one direction, either

investment not accounted for by that method. Similar productive assets are productive assets that are of the same general type, that perform the same function or that are employed in the same line of business.

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[3] [This footnote has been deleted. See Status page.]

Applicability

4. This Opinion does not apply to the following transactions:

a. A business combination accounted for by an enterprise according to the provisions of *FASB Statement No. 141, Business Combinations*,[3a]

[3a] Paragraph 10 of Statement 141 states that an exchange of a business for a business is a business combination.

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b. A transfer of nonmonetary assets solely between companies or persons under common control, such as between a parent company and its subsidiaries or between two subsidiary corporations of the same parent, or between a corporate joint venture and its owners,

c. Acquisition of nonmonetary assets or services on issuance of the capital stock of an enterprise,[4]

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[4] *FASB Statement No. 123 (revised 2004), Share-Based Payment*, applies to all transactions in which an entity acquires goods or services by issuing its shares or other equity instruments (except for equity instruments held by an employee stock ownership plan or by incurring liabilities to the supplier (a) in amounts based, at least in part, on the price of the entity's shares or other equity instruments or (b) that require or may require settlement by issuance of the entity's shares or other equity instruments.

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d. Stock issued or received in stock dividends and stock splits which are accounted for in accordance with ARB No. 43, Chapter 7B,

e. A transfer of assets to an entity in exchange for an equity interest in that entity,

f. A pooling of assets in a joint undertaking intended to find, develop, or produce oil or gas from a particular property or group of properties, as described in paragraph 44 of *FASB Statement No. 19, Financial Accounting and Reporting by Oil and Gas Producing Companies*, as amended by *FASB Statements No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets, No. 145, Rescission of FASB Statements No. 4, 44, and 64, Amendment of FASB Statement No. 13, and Technical Corrections, and No. 153, Exchanges of Nonmonetary Assets*,

g. The exchange of a part of an operating interest owned for a part of an operating interest owned by another party that is subject to paragraph 47.e. of Statement 19, and

h. The transfer of a financial asset within the scope of *FASB Statement No. 140, Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities*.

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Some exchanges of nonmonetary assets involve a small monetary consideration, referred to as "boot," even though the exchange is essentially nonmonetary. This Opinion also applies to those transactions. For purposes of applying this Opinion, events and transactions in which nonmonetary assets are involuntarily converted (for example, as a result of total or partial destruction, theft, seizure, or condemnation) to monetary assets that are then reinvested in other nonmonetary assets—are monetary transactions since the recipient is not obligated to reinvest the monetary consideration in other nonmonetary assets.

DISCUSSION

Present Accounting for Nonmonetary Transactions

5. *Nonreciprocal Transfers with Owners.* Some nonmonetary transactions are nonreciprocal transfers between an enterprise and its owners. Examples include (a) distribution of nonmonetary assets, such as marketable equity securities, to stockholders as dividends, (b) distribution of nonmonetary assets, such as marketable equity securities, to stockholders to redeem or acquire outstanding capital stock of the enterprise, (c) distribution of nonmonetary assets, such as capital stock of subsidiaries, to stockholders in corporate liquidations or plans of reorganization that involve disposing of all or a significant segment of the business (the plans are variously referred to as spin-offs, split-ups, and split-offs), and (d) distribution of nonmonetary assets to groups of stockholders, pursuant to plans of rescission or other settlements relating to a prior business combination, to redeem or acquire shares of capital stock previously issued in a business combination. Accounting for decreases in owners' equity that result from nonreciprocal nonmonetary transactions with owners has usually been based on the recorded amount of the nonmonetary assets distributed.

6. *Nonreciprocal Transfers with Other Than Owners.* Other nonmonetary transactions are nonreciprocal transfers between an enterprise and entities other than its owners. Examples are the contribution of nonmonetary assets by an enterprise to a charitable organization and the contribution of land by a governmental unit for construip Tw -22.,-1.144ua

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16. Many accountants who accept the concept that accounting for an exchange of nonmonetary assets should be based on fair value believe that problems of measurement and questions about the conditions for recognizing revenue require modification of the concept in two types of exchanges. They therefore conclude that:

    a. Fair values should not be recognized if an enterprise exchanges product or property held for sale in the ordinary course of business for product or property to be sold in the same line of business. The emphasis in that exchange, in their view, is on developing economical ways to acquire inventory for resale to customers rather than on marketing inventory to obtain revenue from customers. Therefore, "swapping" inventories between enterprises that are essentially competitors and not customers of each other is merely an incidental early stage of an earning process, and revenue should not be recognized until the time of sale of the exchanged products (in the same or another form) to a customer of the enterprise.

    b. Fair value should not be recognized if an enterprise exchanges a productive asset for a similar productive asset or an equivalent interest in the same or similar productive asset. Therefore, revenue should not be recognized merely because one productive asset is substituted for a similar productive asset but rather should be considered to flow from the production and sale of the goods or services to which the substituted productive asset is committed.

17. *Fair Value Not Determinable.* General agreement exists that a nonmonetary transaction, regardless of form, should not be recorded at fair value if fair value is not determinable within reasonable limits. Major uncertainties concerning realizability of the fair value proposed to be assigned to a nonmonetary asset received in a nonmonetary transaction are indicative of an inability to determine fair value within reasonable limits. Some believe that only an exchange transaction between parties with essentially opposing interests provides an independent test of fair value to be used in measuring the transaction; therefore fair value is determinable within reasonable limits only in a negotiated exchange transaction. Others believe that fair value in a nonreciprocal transfer is also often determinable within reasonable limits and should be recognized in certain types of transactions.

OPINION

Basic Principle

18. The Board concludes that in general accounting for nonmonetary transactions should be based on the fair values[5] of the assets (or services) involved which is the same basis as that used in monetary transactions. Thus, the cost of a nonmonetary asset acquired in exchange for another nonmonetary asset is the fair value of the asset surrendered to obtain it, and a gain or loss should be recognized on the exchange. The fair value of the asset received should be used to measure the cost if it is more clearly evident than the fair value of the asset surrendered. Similarly, a nonmonetary asset received in a nonreciprocal transfer should be recorded at the fair value of the asset received. A transfer of a nonmonetary asset to a stockholder or to another entity in a nonreciprocal transfer should be recorded at the fair value of the asset transferred, and a gain or loss should be recognized on the disposition of the asset. The fair value of an entity's own stock reacquired may be a more clearly evident measure of the fair value of the asset distributed in a nonreciprocal transfer if the transaction involves distribution of a nonmonetary asset to eliminate a disproportionate part of owners' interests (that is, to acquire stock for the treasury or for retirement).

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[5] See paragraph 25 for determination of fair value.

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19. The Board believes that certain modifications of the basic principle are required to accommodate problems of measurement and questions about the conditions for recognizing revenue. These modifications are specified in paragraphs 20-23.

Modifications of the Basic Principle

20. A nonmonetary exchange shall be measured based on the recorded amount (after reduction, if appropriate, for an indicated impairment of value) of the nonmonetary asset(s) relinquished, [5a] and not on the fair values of the exchanged assets, if any of the following conditions apply:

[5a] An indicated impairment of value of a long-lived asset within the scope of Statement 144 shall be determined in accordance with paragraph 29 of that Statement.

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a. Fair Value Not Determinable. The fair value of neither the asset(s) received nor the asset(s) relinquished is determinable within reasonable limits (paragraph 25).

b. Exchange Transaction to Facilitate Sales to Customers. The transaction is an exchange of a product or property held for sale in the ordinary course of business 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.

c. Exchange Transaction That Lacks Commercial Substance. The transaction lacks commercial substance (paragraph 21).

Commercial Substance

21. A nonmonetary exchange has commercial substance if the entity's future cash flows[5b] are expected to significantly change as a result of the exchange. The entity's future cash flows are expected to significantly change if either of the following criteria is met:

[5b] *FASB Concepts Statement No. 7, Using Cash Flow Information and Present Value in Accounting Measurements*, contains guidance that may be useful in evaluating changes in future cash flows.

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a. The configuration (risk, timing, and amount) [5c] of the future cash flows of the asset(s) received differs significantly from the configuration of the future cash flows of the asset(s) transferred.

[5c] The configuration of future cash flows is composed of the ri Tw 10.02 0 0 10.557б82223tTc .275 -1.15 Tdthe asse

[5d] An entity-specific value (referred to as an entity-specific measurement in Concepts Statement 7) is different from a fair value measurement. As described in paragraph 24.b. of Concepts Statement 7, an entity-specific value attempts to capture the value of an asset or liability in the context of a particular entity. For example, an entity computing an entity-specific value of an asset would use its expectations about its use of that asset rather than the use assumed by marketplace participants. If it is determined that the transaction has commercial substance, the exchange would be measured at fair value, rather than at the entity-specific value.

A qualitative assessment will, in some cases, be conclusive in determining that the estimated cash flows of the entity are expected to significantly change as a result of the exchange.

[6] [This footnote has been deleted. See Status page.]

21A. In the United States and some other tax jurisdictions, a transaction is not given effect for tax purposes unless it serves a legitimate business purpose other than tax avoidance. In assessing the commercial substance of an exchange, tax cash flows that arise solely because the tax business purpose is based on achieving a specified financial reporting result shall not be considered.

22. The exchanges of nonmonetary assets that would otherwise be based on recorded amounts (paragraph 21) may include an amount of monetary consideration. The Board believes that the recipient of the monetary consideration has realized gain on the exchange to the extent that the amount of the monetary receipt exceeds a proportionate share of the recorded amount of the asset surrendered. The portion of the cost applicable to the realized amount should be based on the ratio of the monetary consideration to the total consideration received (monetary consideration plus the estimated fair value of the nonmonetary asset received) or, if more clearly evident, the fair value of the nonmonetary asset transferred. The Board further believes that the entity paying the monetary consideration should not recognize any gain on a transaction covered in paragraph 21 but should record the asset received at the amount of the monetary consideration paid plus the recorded amount of the nonmonetary asset surrendered. If a loss is indicated by the terms of a transaction described in this paragraph or in paragraph 21, the entire indicated loss on the exchange should be recognized.

23. Nonreciprocal Transfers to Owners. Accounting for the distribution of nonmonetary assets to owners of an enterprise in a spin-off or other form of reorganization or liquidation or in a plan that is in substance the rescission of a prior business combination should be based on the recorded amount (after reduction, if appropriate, for an indicated impairment of value) [6a] of the nonmonetary assets distributed. A prorata distribution to owners of an enterprise of shares of a subsidiary or other investee company 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 spin-off. Other nonreciprocal transfers of nonmonetary assets to owners should 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.

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[6a] An indicated impairment of value of a long-lived asset covered by Statement 144 shall be determined in accordance with paragraph 29 of that Statement.

Applying the Basic Principle

24. The Board's conclusions modify to some extent existing practices as described in paragraphs 5 to 7. The conclusions are based on supporting reasons given in paragraphs 8-17.

25. Fair value of a nonmonetary asset transferred to or from an enterprise in a nonmonetary transaction should be determined by referring to estimated realizable values in cash transactions of the same or similar assets, quoted market prices, independent appraisals, estimated fair values of assets or services received in exchange, and other available evidence. If one of the parties in a nonmonetary transaction could have elected to receive cash instead of the nonmonetary asset, the amount of cash that could have been received may be evidence of the fair value of the nonmonetary assets exchanged.

26. Fair value should be regarded as not determinable within reasonable limits if major uncertainties exist about the realizability of the value that would be assigned to an asset received in a nonmonetary transaction accounted for at fair value. An exchange involving parties with essentially opposing interests is not considered a prerequisite to determining a fair value of a nonmonetary asset transferred; nor does an exchange insure that a fair value for accounting purposes can be ascertained within reasonable limits. If neither the fair value of a nonmonetary asset transferred nor the fair value of a nonmonetary asset received in exchange is determinable within reasonable limits, the recorded amount of the nonmonetary asset transferred from the enterprise may be the only available measure of the transaction.

27. A difference between the amount of gain or loss recognized for tax purposes and that recognized for accounting purposes may constitute a temporary difference to be accounted for according to *FASB Statement No. 109, Accounting for Income Taxes*.

Disclosure

28. An enterprise that engages in one or more nonmonetary transactions during a period should disclose in financial statements for the period the nature of the transactions, the basis of accounting for the assets transferred, and gains or losses recognized on transfers. [7]

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[7] Paragraph 12 of ARB No 51, Consolidated Financial Statements, includes additional disclosures that are preferred if a parent company disposes of a subsidiary during the year.

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37. ARB 43, Chapter 7, Section B provides the following guidance (only the pertinent excerpts are included below):

As to the Recipient

5. One of the basic problems of accounting is that of income determination. Complete discussion of this problem is obviously beyond the scope of this chapter. Basically, income is a realized gain and in accounting is recognized, recorded, and stated in accordance with certain principles as to time and amount.

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6. If there is an increase in the market value of his holdings, such unrealized appreciation is not income. In the case of a stock dividend or split-up, there is no distribution, division, or severance of corporate assets. Moreover, there is nothing resulting therefrom that the shareholder can realize without parting with some of his proportionate interest in the corporation.

7. The foregoing are important points to be considered in any discussion of the accounting procedures to be followed by the recipient of a stock dividend or split-up since many arguments put forward by those who favor recognizing stock dividends as income are in substance arguments for the recognition of corporate income as income to the shareholder as it accrues to the corporation, and prior to its distribution to the shareholder; the acceptance of such arguments would require the abandonment of the separate entity concept of corporation accounting.

8. The question as to whether or not stock dividends are income has been extensively debated; the arguments pro and con are well known.[1] The situation cannot be better summarized, however, than in the words approved by Mr. Justice Pitney in Eisner v. Macomber, 252 U.S. 189, wherein it was held that stock dividends are not income under the Sixteenth Amendment, as follows:

"A stock dividend really takes nothing from the property of the corporation and adds nothing to the interests of the stockholders. Its property is not diminished and their interests are not increased . . . the proportional interest of each shareholder remains the same. The only change is in the evidence which represents that interest, the new shares and the original shares together representing the same proportional interests that the original shares represented before the issue of the new ones."

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[1] See, for instance, Freeman, "Stock Dividends and the New York Stock Exchange," American Economic Review, December, 1931 (pro), and Whitaker, "Stock Dividends, Investment Trusts, and the Exchange," American Economic Review, June, 1931 (con).

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9. Since a shareholder's interest in the corporation remains unchanged by a stock dividend or split-up except as to the number of share units constituting such interest, the cost of the shares previously held should be allocated equitably to the total shares held after receipt of the stock dividend or split-up. When any shares are later disposed of, a gain or loss should be determined on the basis of the adjusted cost per share.

38. FIN 30 provides the following guidance (only the pertinent excerpts are included below):

1. The FASB has been asked whether gain or loss results from an involuntary conversion of a nonmonetary asset to monetary assets if the monetary assets are subsequently reinvested in a similar nonmonetary asset.[1] Generally, if a nonmonetary asset is involuntarily converted, gain or loss for the difference between the cost[2] of the nonmonetary asset and the amount of monetary assets received has been recognized in income in the period of the involuntary conversion. In other cases, that difference has been accounted for as an adjustment to the cost basis of a nonmonetary asset that is subsequently acquired as replacement property.

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[1] The terms "nonmonetary" and "monetary" as used in this Interpretation have the same meaning as those terms have in *APB Opinion No. 29, Accounting for Nonmonetary Transactions*.

Further, the Task Force reached a consensus that the decision as to whether an exchange of similar productive assets (paragraph 21.b.) should be measured using the recorded amounts or fair value should be based on a "same line of business" test.

Some Task Force members expressed the view that the exchange of a controlled business (as defined in ARB 51) for an investment in an entity that is not controlled, but is in trollof business, would not necessarily meet the definition of a similar productive asset and would have to be evaluated based on individual facts and circut5smstances. No consensut5ss was reached on this issue.

Tlask Force reached a consensus that a product or property held for sale and exchanged for a productive asset did not fall within the modifications to the basic principle of Opinion 29 (even if they were in trolle line of business) and should be recorded at fair value.

Tlask Force discussed an exchange of nonmo netary assets that would otherwise be based on recorded amounts but that also involves boot, reached a consensut5(s th)5(at the tran)5(sa)5(ction)-

consolidation and by the equity method. The Task Force reac should accout5snt for an exchange of securities iwhich it ac business combination in accordance with Opinion 16. An exchange of securities accounted for by consolidation or by in which it does not acqut5sire control of a business but method, as a nonmonetary transaction in accordance with Op the provisions of this consensus were not intended to apply t or the acquisition of a minority interest.

Additionally, several7Task Force members and the SEC Obse application of the consensus to an exchange in which a business could result in the recognition of gain on transaction of similar productive assets or result in a 100 perce an ass which an entity has not transferred control of the asset. For asset to Company B in exchange for shares of Company Company A acquires control of Company B; Company A a asset received by Company B. Tlrce agreed that Company A transaction as a partial7sale (to minority shareholders of Com be limited to that portion of the asset treated as

cash in the near term, as evidenced by a historical practice of converting barter credits into cash shortly after receipt, or if independent quoted market prices exist for items to be received upon exchange of the barter credits. It also should be presumed that the fair value of the nonmonetary asset does not exceed its carrying amount unless thert uncf)-3(pre)6rsuaseiv (evib)6(e)6(cbe)6supitoryin
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- *Accounting Research Bulletin No. 43, Restatement and Revision of Accounting Research Bulletins, Chapter 7, Section B, Stock Dividends and Stock Split-ups,*