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LIST OF SUBSTANTIVE CHANGES AND ADDITIONS
PPC’s Guide to Related Parties (Including Variable Interest Entities)

Fifteenth Edition (May 2018)

Highlights of this Edition

General Update Features

Following are some of the important new features you’ll find in the 2018 edition of *PPC’s Guide to Related Parties (Including Variable Interest Entities)*:

- **Proposed Accounting Standards Updates.** The FASB has issued two new proposed Accounting Standards Updates (ASUs) that could impact accounting for and reporting of consolidations, including those involving variable interest entities. In June 2017, a proposed ASU, *Consolidation (Topic 810): Targeted Improvements to Related Party Guidance for Variable Interest Entities*, was issued and would provide an accounting alternative that would exempt private companies from the requirement to apply the variable interest entity (VIE) guidance in FASB ASC 810 to legal entities under common control (including common control leasing arrangements). In addition, in September 2017, a proposed ASU was issued that would reorganize the existing consolidation guidance in FASB ASC 810 to make it easier to understand and navigate. Your *Guide* summarizes those proposals so you can assess how they might impact your clients in the near future.
- **New Example Disclosures.** Your *Guide* provides illustrative disclosures of related parties, VIEs, and transactions with such entities. In this edition, we’ve added new disclosures for related parties and VIEs that can be useful for your clients.

<u>Chapter</u>	<u>Substantive Changes and Additions</u>	<u>Reference</u>
General	1. Where relevant, added footnotes in each chapter discussing the issuance of two proposed ASUs on (a) the reorganization of the consolidation guidance in the FASB ASC; and (b) among other things, an accounting alternative that would exempt private companies from the requirement to apply the VIE guidance to legal entities under common control.	Various
CHAPTER 1		
Related-party Transactions	1. Updated the footnote for the status of the FASB’s proposed ASU on assessing whether disclosures are material. 2. Added a footnote discussing the Tax Cuts and Jobs Act. 3. Added a footnote discussing the issuance of ASU 2016-13, <i>Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments</i> . 4. Added a discussion of the accounting and disclosures for related party leases under FASB ASC 842, <i>Leases</i> .	Paragraph 101.16 Paragraphs 102.8 and 105.33 Paragraph 105.21 Paragraphs 105.36–.38

<u>Chapter</u>	<u>Substantive Changes and Additions</u>	<u>Reference</u>
	5. Added new disclosure requirements that are effective after the adoption of ASU 2016-02, <i>Leases (Topic 842)</i> .	Appendix 1C
	6. Added new related party disclosure illustrations under the captions “Guarantees,” “Notes Receivable,” “Services Provided or Received,” and “Various.”	Appendix 1D
	7. Added a footnote indicating that the illustrative financial statements do not reflect the requirements of ASU 2014-09, <i>Revenue from Contracts with Customers (Topic 606)</i> , and related subsequent ASUs.	Appendix 1E
CHAPTER 2		
An Overview of Accounting for Variable Interests in Variable Interest Entities	1. Added a footnote on the issuance of ASU 2016-02 and certain disclosure objectives.	Paragraphs 214.16, 214.31, 214.40, and 214.59
CHAPTER 6		
Consolidation and Disclosure of Variable Interest Entities	1. Provided a discussion on a proposed ASU, <i>Consolidation (Topic 810): Targeted Improvements to Related Party Guidance for Variable Interest Entities</i> , which, among other things, would provide an accounting alternative that would exempt private companies from the requirement to apply the VIE guidance to legal entities under common control.	Paragraphs 601.38–.49
	2. Provided a discussion on a proposed ASU, <i>Consolidation (Topic 812): Reorganization</i> , which would reorganize the existing consolidation guidance and make other focused improvements to the guidance.	Paragraphs 601.50–.54
	3. Added a footnote describing recent exposure drafts of proposed AICPA Statements on Auditing Standards that would supersede existing guidance and provide new requirements regarding the independent auditor’s report.	Paragraph 606.02
	4. Expanded the discussion on scope limitations for compilation or review engagements and the provisions of an AICPA Technical Questions and Answers when management of a reporting entity does not assess whether the reporting entity is a primary beneficiary of a VIE.	Paragraphs 606.11–.13
	5. Updated paragraph referencing for the Statements on Standards for Accounting and Review Services (SSARS) that result from the issuance of SSARS 24, <i>Omnibus Statement on Standards for Accounting and Review Services—2018</i> .	Exhibit 6-4 and Paragraph 606.22
	6. Added disclosures regarding VIEs under the captions of “Summary of Significant Accounting Policies” and “Variable Interest Entity is Consolidated.”	Appendix 6A