



Summary of Recent Accounting Developments Q2 2021

by
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Second Quarter 2021

CNM Publications

- Be Mindful that Becoming a Public Company is Just the Start of the Journey (April 2021)

New Accounting Standards

- ASU 2021-04, Earnings Per Share (Topic 260), Debt—Modifications and Extinguishments (Subtopic 470-50), Compensation—Stock Compensation (Topic 718), and Derivatives and Hedging—Contracts in Entity's Own Equity (Subtopic 815-40)—Issuer's Accounting for Certain Modifications or Exchanges of Freestanding Equity-Classified Written Call Options
 - An entity should treat a modification of the terms or conditions or an exchange of a freestanding equity-classified written call option that remains equity classified after modification or exchange as an exchange of the original instrument for a new instrument.
 - Prescribes how an entity should measure the effect of a modification or an exchange of a freestanding equity-classified written call option.
 - An entity should recognize the effect of a modification or an exchange of a freestanding equity-classified written call option that remains equity classified after modification or exchange on the basis of the substance of the transaction, in the same manner as if cash had been paid as consideration.
 - An entity should recognize the effect of a modification or an exchange of a freestanding equity-classified written call option to compensate for goods or services in accordance with the guidance in Topic 718, Compensation—Stock Compensation.
 - In a multiple-element transaction (for example, one that includes both debt financing and equity financing), the total effect of the modification should be allocated to the respective elements in the transaction.

Big Firm Accounting Guides – new or revised

- PwC
 - The quarter close (June 2021)
 - Property, plant, equipment and other assets (May 2021)
 - Revenue from contracts with customers (April 2021)
 - Updated to clarify guidance related to payments made on behalf of a customer.
 - Business combinations and noncontrolling interests (March 2021)
- KPMG
 - Quarterly Outlook (June 2021)
 - Accounting changes and error corrections (May 2021)
 - Debt and equity financing (May 2021)
 - Revenue for franchisors (April 2021)
 - Accounting for Income Taxes Handbook (April 2021)

¹ The amendments in this Update are effective for all entities for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years. An entity should apply the amendments prospectively to modifications or exchanges occurring on or after the effective date of the amendments. Early adoption is permitted for all entities, including adoption in an interim period. If an entity elects to early adopt the amendments in this Update in an interim period, the guidance should be applied as of the beginning of the fiscal year that includes that interim period.

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- EY
 - Q2 2021 Financial reporting briefs (June 2021)
 - Financial Reporting Developments, Segment reporting (May 2021)
 - Financial Reporting Developments, Equity method investments and joint ventures (May 2021)
 - Financial Reporting Developments, Share-based payment after the adoption of ASU 2018-07 (May 2021)
 - Financial Reporting Developments, Share-based payment before the adoption of ASU 2018-07 (May 2021)
 - Financial Reporting Developments, Certain investments in debt and equity securities, (May 2021)
 - Financial Reporting Developments, Lease accounting—ASC 840 (April 2021)
 - Financial Reporting Developments, Discontinued operations (April 2021)
 - Financial Reporting Developments, Bankruptcies, liquidations and quasi-reorganizations (April 2021)
- Deloitte
 - Roadmap to Contracts on an Entity's Own Equity (June 2021)
 - Roadmap to Contingencies, Loss Recoveries, and Guarantees (April 2021)
 - Roadmap to Convertible Debt (Before Adoption of ASU 2020-06) (April 2021)
 - Roadmap to Fair Value Measurements and Disclosures (Including the Fair Value Option) (April 2021)
 - Roadmap to Foreign Currency Matters (April 2021)
 - Roadmap to Transfers and Servicing of Financial Assets (April 2021)
 - Roadmap to Distinguishing Liabilities From Equity (April 2021)

Other Guidance

- SEC Staff Statement on Accounting and Reporting Considerations for Warrants Issued by Special Purpose Acquisition Companies ("SPACs") (April 12, 2021)
 - SEC staff guidance that certain terms common in SPAC warrants require liability classification rather than the equity classification recorded in many past registrations.
 - Future registrations will not be cleared until the warrant issue is addressed.
 - Carefully consider the accounting for warrants issued in a SPAC merger.
- SEC, Division of Corporation Finance, Staff Statement on Select Issues Pertaining to Special Purpose Acquisition Companies (March 31, 2021)
- SEC, Office of the Chief Accountant, Financial Reporting and Auditing Considerations of Companies Merging with SPACs, a public statement (March 31, 2021)



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