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# Energy Accounting, Financial Reporting and SEC Update



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# SEC Update

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# SEC Update

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Current Environment, Rulemaking and  
Other Activity

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Frequent SEC Comments and  
Disclosure Considerations

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# Current Environment & Rule Making

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- SEC Leadership Changes
- IFRS Commission Statement and Work Plan
- Proxy Disclosure Enhancements
- Climate Change Interpretive Release
- Investor Advisory Committee
- Dear CFO Letters (Repo letter)
- Core Disclosure Project
- Non-GAAP Measures
- New Division of Risk, Strategy, & Financial Innovation
- Modernization of Oil and Gas Reporting (SAB 113)

# Core Disclosure Project

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Focus –  
Ensure that  
investors  
received the  
right  
disclosure, not  
more  
disclosure

- Comprehensive review of the SEC's current disclosure requirements
- Modernizing disclosures and eliminating redundancy
- Improve disclosures about risks
- Disclosures of the impact of recently issued accounting standards (SAB 74)
  - Financial statement footnotes provide the effect of new policy
  - MD&A provides future impacts, material changes, and trends
- Codification references

# Non-GAAP Measures

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## New Guidance

- Inconsistency between (1) the focus of information on company Web sites, earnings releases, and presentations to analysts, and (2) disclosures in filings
- New guidance on non-GAAP measures issued in the form of Compliance and Disclosures Interpretations (C&DIs)
  - C&DI 102.03 on non-recurring/recurring charges indicates that the prohibition on adjustments is based on description of adjustment, not the nature of the adjustment
  - C&DI 102.04 indicates measure does not need to be used by management in managing its business

# Staff Comment Process

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- Review process for FYE September 30, 2009
- Percentage of Issuers Reviewed:

FY06	FY07	FY08	FY09
33%	36%	38%	40%

- 25.3 days to receive initial comments on registration statements
- Filing review process – issued June 2008
- Posting of comment letters and responses

# SEC Comment Letters

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December 2009  
Third Edition

SEC Comment Letters on  
Domestic Registrants  
*A Closer Look*



- Insights into focus areas from SEC comment process
- 3<sup>rd</sup> edition released in December
- **NEW FEATURE!** – Industry sections:
  - Financial Services
  - Retail
  - **Energy & Resources**
  - Health Sciences

# Frequent SEC Comments & Disclosure Considerations

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- Comments on the Financial Statements
  - Energy Related
  - Intangible assets / business combinations
    - Goodwill impairment
  - Taxes
  - Pensions
  - Loss Contingencies
  - Consolidation/VIEs
  - Other-than-temporary impairments
  - Financial instruments
  - Debt, warrants, and equity
  - Fair value measurements
  - Financial statement classifications
  - Segments
  - Discontinued operations
  - Revenue
  - New accounting standards
    - Retroactive application

# Energy Comments

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- Dividend restrictions disclosure
  - Footnote disclosure of restrictions and schedule of condensed financial information of the parent company
    - Consider provisions of Federal Power Act, FERC and state regulatory orders and any other restrictions on transfer of assets
- Debt
  - Compliance with debt covenants disclosure
  - Debt classification (current versus noncurrent)

# Energy Comments – Power & Utilities

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- Accounting for impacts of ratemaking
  - Explain how current regulated rates are designed to recover specific costs of providing service
  - Disclose nature of all material regulatory assets and liabilities and indicate whether a particular regulatory asset is earning a rate of return and the anticipated recovery period
  - If any portion of the regulatory asset balance includes amounts on which the company does not earn a current return, disclose the nature and amount of each asset and its remaining recovery period

# Energy Comments – Power & Utilities

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- Separate disclosure of regulated and non-regulated operations in areas such as
  - Revenues from public utility operations and other product and service revenues
  - Fuel, purchased power and other operating expenses
  - Property, accumulated depreciation, & depreciable lives

# Energy Comments – Oil & Gas

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- Proved undeveloped reserves
  - SEC definition of proved reserves
    - Development history and plans
    - Consistency of disclosures
- Proved reserve impairment testing
- Changes in reserves and standardized measure
  - Factors leading to significant changes
  - Separate impact of price versus performance

# Intangible Assets/Business Combinations

- Purchase price allocations
- Indefinite lived intangibles and useful lives
- If impairment questions arise related to goodwill, the following may be raised
  - Allocation of goodwill to reporting units
  - Determination of fair value for reporting units
  - Reasonableness of assumptions
  - Interim testing triggers
  - Market capitalization compared to book value
  - Changes in methodologies and assumptions from last test

# Goodwill Impairment Disclosures

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- For each reporting unit that is at risk of failing Step-one test consider disclosing the following
  - Percentage by which fair value exceeded the carrying value as of the most recent step-one test
  - Amount of goodwill allocated to the reporting unit
  - Description of method and key assumptions used and how they were determined
  - Discussion of the uncertainty associated with the key assumptions and any potential events and/or circumstances that could have a negative effect on the estimated fair value
  - If none, registrant should consider making that assertion in disclosure

# Taxes

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- Valuation of deferred tax asset
- Significant estimates and assumptions
- Possible impact on liquidity of the repatriation to a U.S. parent company from a foreign tax jurisdiction
- Projections of income and cash flow consistent with other projections (for example, impairments)
- Disclosure of accounting for uncertainty in income taxes (FIN 48)
- Discussion of tax holidays
- Rate reconciliation

# Pensions

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- Presentation and Disclosure
- Impact of market conditions on estimates and assumptions
  - Discount rate
  - Estimated rate of return
  - Health care cost trend rate
- MD&A and liquidity
- Pension curtailments for reductions in workforce

# Loss Contingencies

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- Nature of the contingency
- Disclosure of amount accrued
- Estimate of the possible loss or range of loss or disclose that such an estimate cannot be made
- Significant assumptions

# Frequent SEC Comments & Disclosure Considerations

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- Comments on the Financial Statements

- Energy Related
- Intangible assets / business combinations
  - Goodwill impairment
- Taxes
- Pensions
- Loss Contingencies
- Consolidation/VIEs
- Other-than-temporary impairments
- Financial instruments
- Debt, warrants, and equity
- Fair value measurements
- Financial statement classifications
- Segments
- Discontinued operations
- Revenue
- New accounting standards
  - Retroactive application

# Comments Outside the Financial Statements

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- MD&A
  - Results of operations
  - Liquidity
  - Critical accounting policies
  - Contractual obligations
  - Dear CFO letters
  - Venezuela
- Executive compensation
  - CD&A: more analysis, performance targets, benchmarking
- Material contracts
- Non-GAAP measures
- Disclosure controls and procedures
- Internal control over financial reporting

# Future SEC Focus Areas

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- Use of assumptions and exercising judgment
- Impairments
- Taxes
- Pensions
- Debt covenant compliance and credit availability
- Fair value measurements issues and disclosures
- New standards (Non-controlling Interests, Transfers of Financial Assets, Consolidations)
- MD&A disclosure
- Non-GAAP measures
- Core disclosure project (including disclosures about risk)



Questions?

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# Accounting and Financial Reporting Update

James Barker  
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# Overview of Energy-Specific 167 Guidance

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## Agenda:

1. Background/Refresher on FIN 46(R) and Statement 167
2. Identification of Variable Interests
3. Risks and activities that contribute to “economic performance”
4. Assessing control or “power to direct”
5. Impact of ASU 2010-2
6. Miscellaneous

# Background

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- FIN 46(R) established model to assess relationship with a VIE and determine who (if anyone) should consolidate
  - Provides guidance on identifying VI holders
    - Focus on creation vs. absorption of “variability”
    - Variability = Positive and negative variations in fair value of net assets
  - Required a quantitative risk-and-reward assessment to identify a consolidator (referred to as a Primary Beneficiary or PB)
    - “Expected Loss” calculation
    - Viewed as overly complex and subject to diverse outcomes

# Statement 167 - Changes

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- Move from quantitative expected loss calculation to a qualitative assessment to identify a PB
  - Less emphasis on risk-and-reward; more emphasis on power
- PB determination subject to continuous reconsideration
- VIE reconsideration is still event driven (more events)
- Expected to lead to increased consolidation activity

# Variable Interests

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## **PB must have a VI in the VIE**

- FSP FIN 46(R)-6 provides guidance on assessing contracts that may appear to both create and absorb variability
  - Based on nature of risks and design of entity
- Other than fees paid to decision makers or service providers, FAS 167 did not change the identification of VI's
  - Guidance on forward contracts and derivatives
  - Guidance on operating leases

# Primary Beneficiary

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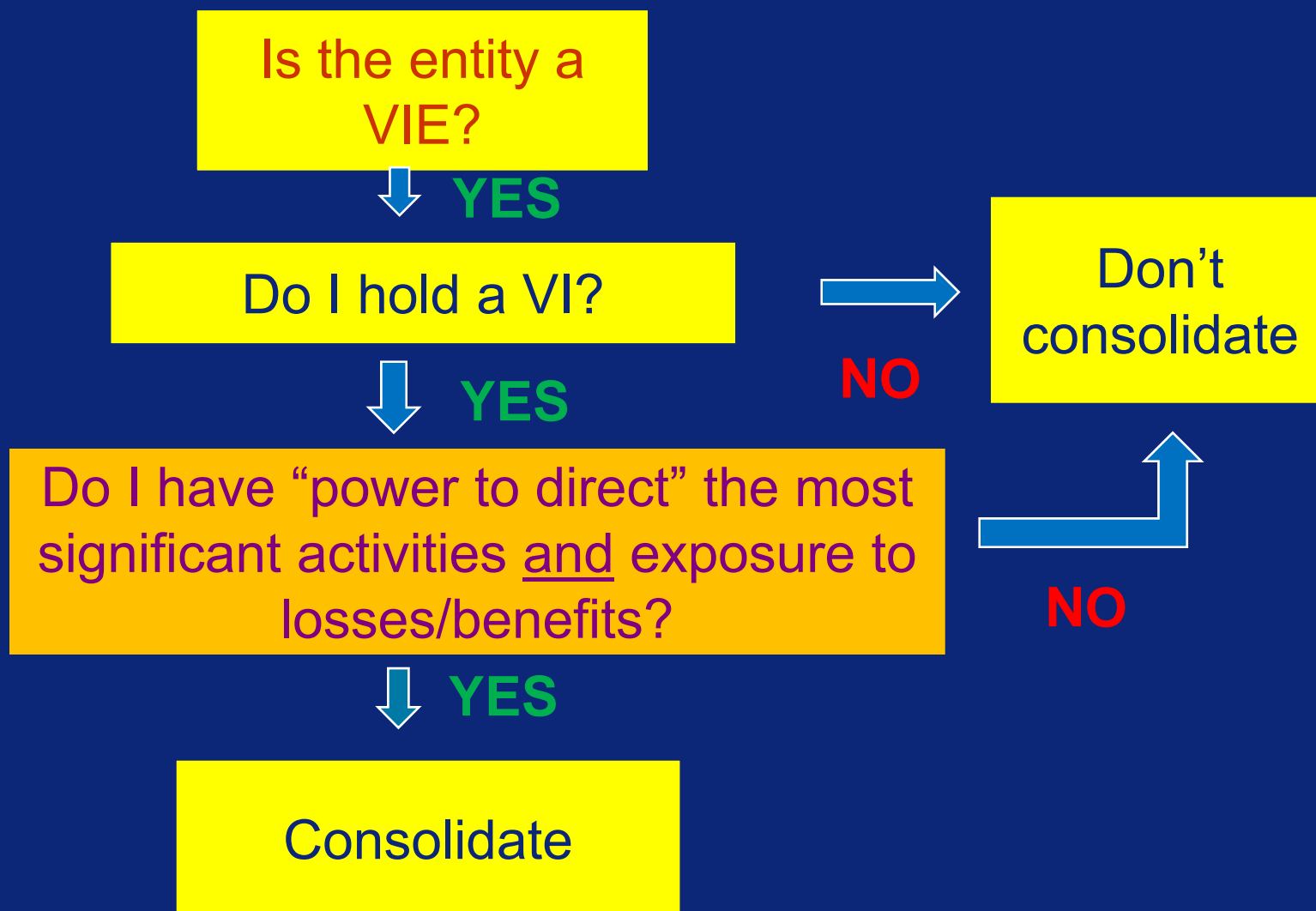
## Qualitative identification of PB

Controlling financial interest deemed to exist if an enterprise has *both*:

- Power to direct the activities of the VIE that most significantly impact the entity's economic performance, and
- Obligation to absorb losses or receive benefits that could be significant to the VIE

Only one party should consolidate a VIE

# Consolidation Decision Tree



# Identification of Variable Interests

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## PPAs and Tolling Agreements:

- No change to Deloitte's Q&A on PPAs/Tolls
  - Fixed price per unit or market price per unit, generally not VI's (possible exception for renewables)
  - Cost pass through pricing absorbs cash flow variability
- Operating lease scope exception
  - Only applies to lease element
  - Not available for capital leases
- Derivative guidance in FSP FIN 46R-6
  - Limited to SFAS 133 derivatives
  - Consider seniority of PPA claims

# Identification of Variable Interests

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## **PPAs and Tolling Agreements (*cont.*):**

- **Avoided cost pricing**
  - Typically not absorbing variability
  - Consider fuel source of marginal unit and price reset frequency
- **Inflation escalators**
  - No direct absorption of CF variability

# Identification of Variable Interests

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## Renewable Energy Considerations

- Debate around CF view of variability for renewable projects
  - Relative variability in production costs
- Either approach (CF or FV) is acceptable
- Suggest belt-and-suspenders analysis
  - Off-taker unlikely to consolidate
  - Focus on controllable risks
    - O&M
    - Curtailment?
  - Limited ongoing activity approach

# Economic Performance

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## **Broad Focus on Economic Performance**

- Not just items that drive VIE's net income
  - Dispatch rights expose off-taker to commodity price risk but variable energy payment may be P&L neutral
- Economic performance is consistent with expected loss/returns analysis under FIN 46R
  - Same consideration of variability
  - Exposures absorbed by all VI holders (not just equity)
  - Emphasis on qualitative assessment

# Economic Performance

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Typical risks impacting performance of a single plant entity may include:

- Commodity price risk (fuel, electricity)
- Residual value risk
- O&M risk (including efficiency risk)
- Regulatory risk
- Tax risk
- Credit risk
- Catastrophic risk

Statement 167 emphasizes power over activities that drive economic performance - Which of these risks are controllable?

# Economic Performance

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## Merchant Generator Risk Profile

- Applicable for single plant entity
- “Raw” risk profile before contracting to disperse risk
- Commodity and O&M likely to be top drivers of economic performance
- **Generally should not exclude risks (e.g. fuel)**
- **Generally should not deviate from merchant generator design**
  - Leasing Entity (no commodity exposure)
  - Conversion Services Entity (no commodity exposure)

# Economic Performance

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## Consideration of Potential Variability

- Consistent with expected loss/returns concept
  - Consider expected volatility over remaining life
- Commodity considerations:
  - Operating profile of plant (baseload vs. peaker)
  - Gross exposure to fuel and/or electricity vs. exposure to spark spread
- O&M considerations:
  - Availability guarantees
  - Minimum production guarantees
  - Guaranteed heat rates

# Power to Direct

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## Focus on remaining life of entity

- Plant life as proxy for entity life
- PB can change based on passage of time
  - No discrete event required – e.g. power through dispatch declines over time as PPA nears expiration
- Short-term PPAs unlikely to require consolidation
  - Assumes no unusual features (puts, calls, etc.)
  - Assumes only VI is PPA and only power is dispatch
  - Less than half of useful life of plant
- **Don't disregard forward-starting rights**
  - E.g. Call/put on plant
  - **May be more relevant to analysis for limited-life entities**

# Power to Direct

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## Determining which activities most significantly impact economic performance

- Weigh all powers held by the various VI holders
  - Holder of single most significant power will not necessarily be the PB
- PB analysis disregards non-controllable risks (e.g. occurrence of a catastrophic event)
- When qualitative assessment is unclear, quantitative weightings may be informative
- Be skeptical if economic stake is disproportionate to stated power to direct

# Power to Direct

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## Other considerations

- Impact of curtailment rights
  - Only relevant if PPA is (or contains) a VI
  - Consider impact on economic performance
- General expectation that off-taker's consolidation conclusion will not change
- We expect SEC scrutiny of Statement 167 adoption, particularly deconsolidation events

# Impact of ASU 2010-2

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- Scope clarification for SFAS 160, *Noncontrolling Interests*
- Indicates that SFAS 160 is not applicable for sales of in-substance real estate
  - Includes sales of a business and/or separate legal entity
  - Look to SFAS 66
- Applies to partial or full sales
- Many power plants are deemed in-substance real-estate
  - FIN 43 – Integral Equipment

# Impact of ASU 2010-2 – Current Thinking

- Implications for developers
  - Consider SFAS 66
  - Derecognition of real estate precluded if developer retains risks/rewards of ownership
- Implications for off-takers?
  - Deconsolidation mid-PPA when power over remaining life declines? Is derecognition of real estate appropriate?
  - Has a transaction occurred?
    - Impact of “accounting” ownership
    - Deemed sale of real-estate
  - Consider SFAS 66 and, potentially, SFAS 98 (if PPA is accounted for as lease)

# Miscellaneous

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- Capital lease accounting doesn't negate need for consolidation analysis
- Grandfathering and "information out" scope exception
- Business scope exception
- Tax equity
- Jointly owned plant
- Impact of withdrawal rights

# Miscellaneous

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- Legal restrictions on activities of VIE and impact on power analysis
- Approval of maintenance schedules
- Related party tiebreaker
- Transition assessment as of date of first involvement (or last reconsideration event)
- Separate presentation considerations

# Agenda

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Consolidation of Variable Interest Entities

Fair Value Disclosures

# Improving Disclosures About Fair Value Measurements

## Accounting Standards Update 2010-06

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<b>Level of disaggregation</b>	<ul style="list-style-type: none"><li>• Provide by each “class” of assets and liabilities</li></ul>
<b>Inputs and valuation</b>	<ul style="list-style-type: none"><li>• For Level 2 and 3, the valuation techniques and inputs used to determine the fair values of each class of assets or liabilities; if the valuation technique has changed, the change and the reason for the change should be disclosed</li></ul>
<b>Level 1, 2, 3 transfers</b>	<ul style="list-style-type: none"><li>• Significant transfers between Levels 1 and 2 and the reasons for those transfers; transfers into and out of Level 3 and reasons for transfers</li></ul>
<b>Reconciliation – Level 3 measurement</b>	<ul style="list-style-type: none"><li>• Total gains and losses recognized in OCI</li><li>• Purchases, sales, issuances and settlements (each type disclosed separately)</li><li>• Transfers into and out of Level 3 (separately when significant) and the reasons for the transfers</li></ul>

## Improving Disclosures About Fair Value Measurements Accounting Standards Update 2010-06 (*cont.*)

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- Effective for the first reporting period (including interim) beginning after December 15, 2009
- Except for the requirement to provide Level 3 activity of purchases, sales, issuances and settlement on a gross basis, which will be effective beginning after December 15, 2010
- The FASB decided to defer consideration of the proposed sensitivity disclosures by including them in a newly added joint convergence project on fair value measurement and disclosures



Questions?

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# Accounting and Financial Reporting Update

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# Recent Implementation Issues



# Subsequent Events

## Accounting Standards Update 2010-09

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### Amendments to ASC 855:

- SEC filers = through date financial statements are issued
  - All other entities = through date financial statements are available to be issued
  - Date through which subsequent events evaluated
    - SEC filers exempt from disclosing the date
    - All others still required to disclose the date
    - FERC or other non-GAAP statements not required
  - Revised financial statements requires update
- Effective immediately upon issuance (2/10)

# Decrease in Ownership of a Subsidiary

## Accounting Standards Update 2010-02

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Clarifies the scope of the decrease in ownership provisions of Statement 160 (now codified in Subtopic 810-10) applies to:

- A subsidiary or group of assets that is a business or nonprofit activity
- A subsidiary or group of assets that is a business or nonprofit activity that is transferred to an equity method investee or joint venture
- An exchange of a group of assets that constitutes a business or nonprofit activity for a noncontrolling interest in an entity (including an equity method investee or joint venture)

Does not apply if the transaction is in substance the sale of real estate or to conveyances of oil and gas mineral rights

# Decrease in Ownership of a Subsidiary

## Accounting Standards Update 2010-02

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### Expands deconsolidation disclosures:

- Valuation techniques and inputs used to measure retained investment
- Nature of continuing involvement with the subsidiary
- Whether the deconsolidation transaction
  - Was with a related party
  - Former subsidiary or acquiring entity will be a related party
- For a business combination achieved in stages, the valuation techniques and inputs used to measure an equity interest in an acquiree held immediately before the acquisition date

### Effective date

- Beginning of the period an entity first adopts Statement 160
- If already adopted Statement 160, effective for interim and annual reporting periods ending on or after December 15, 2009, (retrospective application to the first period an entity adopted Statement 160)

# Consolidation of VIEs – ASU 2009-17

## Cash Flow Considerations

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- Presentation of unrestricted cash in VIE for entities which adopted as a cumulative effect of a change in accounting principle
- Two approaches considered acceptable
  - Reconciling item of cash –
    - Cash and cash equivalents, beginning of period
    - Cash assumed in connection with initial consolidation upon adoption of ASU 2009-17
    - Cash and cash equivalents, end of period
  - Investing – analogy to cash acquired in business combination

# Implementation of ASU 2009-16 (FAS 166)

## Cash Flow Considerations

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- Change in accounting approach
  - Only applied to new transfers of receivables
  - Financing cash inflow to issue new notes
  - Initial increase in A/R reduces operating cash inflows under indirect method
- Retrospective method
  - Cash flow statements for all periods must be recast

# FASB Coming Attractions



# Loss Contingencies Disclosures

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- Disclose reasonably possible and remote losses
- Qualitative disclosures
- Quantitative disclosures
  - Claimed damages
  - Estimate of loss and amount accrued
  - Information about possible insurance recoveries
- Tabular reconciliation – public entities
- ED Q2 2010 – Final Q3 2010
- Effective for years ending after 12/31/10

# Going Concern

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- Current guidance is in audit literature
- Now will not define “going concern”
- Time horizon is generally, not limited to, 12 months
- Require management disclosures if reasonably possible it won't meet its obligations
- ED Q2 2010 – Final Q3 2010

# Multiemployer Pension and OPEB Plan Disclosures

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- Currently limited to contributions made
- Quantitative and qualitative disclosures
  - Information about the commitment to the plan
  - Effect on future cash flows
  - Derived largely from agreement with plan
  - Information from Pension Protection Act of 2006
- ED Q2 2010 – Final Q4 2010
- Effective prospectively, years ending after 12/15/10

# Next Year's Presentation

FASB Project	Expected ED	Expected Final
– Fair Value Measurement	• Q2 2010	Q4 2010
– Consolidation	• Q2 2010	1H 2011
– Financial Instrument Accounting	• Q2 2010	1H 2011
– Financial Instruments with characteristics of equity	• Q2 2010	1H 2011
– Financial Statement Presentation	• Q2 2010	1H 2011
– Leases	• Q2 2010	1H 2011
– Revenue Recognition	• Q2 2010	1H 2011
– Insurance Contracts	• Q2 2010	1H 2011
– Statement of Comprehensive Income	• Q2 2010	?
– Reporting Discontinued Operations	• Q3 2010	1H 2011
– Balance Sheet – Offsetting	• ?	
– Emissions Trading Schemes		
– Earnings per Share (not active)		

*It could be a busy summer of reading and writing comment letters!!*

*And an even busier 2011 reading and implementing new FASB standards even if not getting ready to implement IFRS!!!*

# Recent Tax Accounting Issues



# Patient Protection and Affordable Care Act Tax Accounting Implications

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Eliminates the tax deduction for prescription drug costs for which the employer receives a Medicare Part D federal subsidy

- Impact accounted for as a change in tax law in the period that includes the enactment date (3/23/10)
- Decrease in the deferred tax asset recognized as a charge to tax expense in continuing operations in the income statement
- Reconciliation Act of 2010 (effective date 3/31/10) defers effective date to tax years beginning after December 31, 2012

# Patient Protection and Affordable Care Act Tax Accounting Implications (cont.)

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Assume the following at enactment date:

APBO, without subsidy	\$ 1,250,000
APBO, net of subsidy	900,000
PV of retiree drug subsidy*	350,000
Tax Rate	40%

\* Represents the present value of the total subsidy expected to be received

Subsidy is \$25,000, \$23,000, and \$20,000 for 2010, 2011, and 2012 -

The retiree drug subsidy to be received in 2010, 2011, and 2012 does not decrease the DTA as the change in tax law is not effective until after 12/31/2012

March 31, 2010 quarter entries:

	Debit	Credit
Income tax expense	\$ 112,800	
Deferred tax asset		\$ 112,800

Calculated as  $((\$350,000 - (\$25,000 + \$23,000 + \$20,000)) \times 40\%$

# IRS Proposal on Uncertain Tax Positions

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Proposes taxpayers disclose all uncertain tax positions on a new schedule attached to the annual tax return:

- Concise description of each uncertain tax position recorded in the financial statements
  - IRS code sections “potentially implicated” by the position
  - Identification of the taxable year(s) at issue
  - Statement that the position involves an item of income, gain, loss, deduction, or credit
  - Statement that the position involves permanent inclusion or exclusion of an item, the timing of that item, or both
  - Statement on whether the position involves a determination of the value of any property or right
  - Statement on whether the position involves a computation of basis
- The maximum amount of potential U.S. federal tax liability for each uncertain tax position

# IRS Proposal on Uncertain Tax Positions

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## Uncertain tax positions to be disclosed

- Positions related to U.S. federal tax law for which the taxpayer has established a reserve in its financial statements
- Positions related to U.S. federal tax law for which the taxpayer has not established a reserve in its financial statements because:
  - The taxpayer expects to litigate the position, or
  - The general administrative practice of the IRS

New schedule would be required for returns relating to calendar year 2010 and for fiscal years that begin in 2010

- Draft schedule and instructions were released in April
- Comment period ended on June 1

# ARRA 2009 Renewable Tax Credits and Grants



# ARRA of 2009 – Tax Credits and Grants

- Production Tax Credit
  - Placed in service by 2012 (wind); 2013 (most other); not solar
  - Wind 2.1 cents/kwh (indexed) for first 10 years of production
  - Once PTC is claimed, facility is not eligible for ITC or Grant

# ARRA of 2009 – Tax Credits and Grants

- Section 1603 Grants
  - Similar to ITC except no tax liability limitation and only when placed in service (no QPE Grant)
  - May be subject to state income tax in some states
  - Irrevocable election to claim Grant instead of PTC or ITC
  - Submit Grant application by 10/1/11 even though property in service later

# ARRA of 2009 – Tax Credits and Grants

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- Investment Tax Credit

- Placed in service by 2012 (wind); 2013 (most other); 2016 (solar)
- 30% (or 10%) of eligible property placed in service before above dates
- 50% reduction of depreciable tax basis
- Recapture if operated less than 5 years
- Regulated public utility property normalization required
- Irrevocable election to claim ITC instead of PTC; can still apply for Grant
- Qualified Progress Expenditures (QPE) ITC on projects 2+ years to construct

# Accounting – Tax Credits and Grants

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- Production Tax Credits
  - Reduction of tax expense as kwh generated
- Section 1603 Grants
  - Defer and amortize over book life (IAS 20) **NOT** as ADITC/tax expense
  - Otherwise similar to ITC deferral method

# Accounting – Tax Credits and Grants

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- Investment Tax Credits
  - APB 2/4 Deferral over book life (preferred) or flow through to reduce tax expense
  - Regulated public utility property ITC subject to normalization requirements
  - ITC flow through - Day 1 deferred tax on basis to deferred tax expense
    - APB 28 ETR - Both ITC & deferred tax
  - ITC deferral (FAS 109 temporary difference) amortization reduces tax expense over book life (APB 28 ETR not required for ITC amortization)
    - Two alternatives for Day 1 deferred tax on basis differences
      - Defer and amortize to tax expense over book life
      - Reduce income tax expense in PIS year (include in APB 28 ETR)

# Grant Accounting - Deferred Tax Methods

DR (CR)	Cash	PPE- Book Basis	Deferred Tax Asset	Income Tax Expense	PPE – Tax Basis <small>(not book accounting)</small>
<b>Method 1 - deferral</b>			40% tax rate	40% tax rate	
Purchase PPE	\$ (1,000)	\$ 1,000			\$ 1,000
Record Grant	\$ 300	\$ (300)			\$ (150)
Deferred Tax on Grant		\$ (100)	\$100 (\$60+\$40)		
Ending Balance	\$ (700)	\$ 600	\$100		\$ 850
<b>Method 2 - tax expense</b>					
Purchase PPE	\$ (1,000)	\$ 1,000			\$ 1,000
Record Grant & Deferred Tax	\$ 300	\$ (300)	\$ 60	\$ (60)	\$ (150)
Ending Balance	\$ (700)	\$ 700	\$ 60	\$ (60)	\$ 850



Questions?

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