FASB

Technical Director: File Number 2011- 190-Technical Corrections

Proposed Accounting Standards Update Comments Due by December 13th, 2011 Director@FASB.ORG

Comments By: Dr. Joseph S. Maresca CPA, CISA

Colleagues,

Thank you for the opportunity to critique this guidance. Details follow.

Background

FASB assembled an entire group of accounting issues and provides technical corrections in a single issuance.

Members are asked whether or not they:

- 1) Agree with the proposed code amendments
- 2) Will the proposal change the existing guidance in any way?
- 3) Are any other changes needed?
- 4) Are there significant operational issues that preclude or make more or make more difficult the implementation of the guidance consistently
- 5) Should there be separate guidance for non-public entities?

Generally, the member agrees.

Critique

The clarified guidance about embedded derivatives and hedging may be more difficult for practitioners to transition to due to the complexities in derivatives transactions.

470-20-35-7- Effects of Beneficial Conversion Features Parts A and B $\,$

The stated instruments refer to discounts and multi-step discounts. The concept of accretion may be explained thusly:

Bonds at discount are sold below face value and mature at par. In the duration between the bond's issuance and maturity, no additional value is actually being accumulated within the bond but accretion occurs with the paper or implied capital gain.

730-10-55-1

R and D is discussed in detail. The concept of patenting is a part of the process since conceptual formulation, drawings and description of the art in application disclosing the "best mode" is required for patent allowance. Finally, the new art must be unobvious to become allowable by a patent examiner. Once a patent passes these tests, it is allowable and a **value can be imputed** assuming that the patent maintenance fees are paid on time.

Applicants are required to describe the operation of the new art fully. Drawings are provided so that a practitioner in the art can recreate the concept without undue experimentation.

The operation of the concept "in the best mode" describes how the art will work mechanically or mechanisticly.

If an invention is not exactly the same as prior products or processes (which are referred to as the "prior art"), then it is considered novel.

However, in order for an invention to be patentable, it must not only be novel, but it must also be a nonobvious improvement over the prior art. This determination is made by deciding whether the invention sought to be patented would have been obvious "to one of ordinary skill in the art." In other words, the invention is compared to the prior art and a determination is made whether the differences in the new invention would have been obvious to a person having ordinary skill in the type of technology used in the invention. 2)

Reference:

- 1. http://www.investopedia.com/terms/a/accretion.asp#axzz1gKae6qDz
- 2. http://www.bitlaw.com/patent/requirements.html