October 26, 2005

Ms. Suzanne Bielstein
Director of Major Projects and Technical Activities
Financial Accounting Standards Board
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File Reference No. 1205-001 — Proposed Statement of Financial Accounting Standards,
Consolidated Financial Statements, Including Accounting and Reporting of Noncontrolling
Interests in Subsidiaries — a replacement of ARB No. 51

Dear Ms. Bielstein:

Deloitte & Touche LLP is pleased to comment on the FASB’s June 30, 2005, Exposure Draft of a
proposed Statement of Financial Accounting Standards, Consolidated Financial Statements,
Including Accounting and Reporting of Noncontrolling Interests in Subsidiaries — a replacement
of ARB No. 51 (“proposed Statement” or “Exposure Draft”).

The Exposure Draft is part of the second phase of the FASB and International Accounting
Standards Board (IASB) joint business combinations project, which involved broad
reconsideration of the requirements of accounting and reporting for business combinations. Our
comment letter dated October 26, 2005, on the FASB’s June 30, 2005, proposed FASB Statement
No. 141(R), Business Combinations, does not support the adoption of Statement 141(R) as a final
Statement. In essence, our concerns in applying the full entity approach — recognizing the fair
value of the acquiree as a whole, including business combinations that are achieved in stages or in
which less than 100 percent of the equity interests in the acquiree are owned — outweigh the
perceived advantages. Instead, that comment letter recommends that the FASB converge with the
IASB’s business combination standards by adopting the existing version of IFRS 3, Business
Combinations, with certain improvements.

Consequently, we do not support the majority of this Exposure Draft’s proposed changes related
to the accounting and reporting of noncontrolling interests. The attached Appendix I to this letter
contains our responses to the specific questions raised in the “Notice for Recipients” section of
the Exposure Draft. Other items for the FASB’s consideration are set forth in Appendix II.

Parent Versus Single Economic Entity View — Conceptual Framework

Our primary reason for reaching the above-noted conclusions on both the Exposure Draft and
proposed Statement 141(R) stems from the fact that we are not yet convinced that the single
economic entity view of consolidated financial statements provides the most relevant information
to financial statement users. Indeed, shareholders of the parent entity tend to focus on a parent
view, thereby not viewing transactions with noncontrolling shareholders as transactions among
owners.
The FASB currently is working on a project to reconsider some of the guiding principles in the conceptual framework. One of the items that will be reconsidered is the elements of the balance sheet, including whether noncontrolling interests are liabilities, equity, or a separate and new element. Therefore, until the joint conceptual framework is completed, we do not support the FASB's conclusions that a noncontrolling interest should be considered part of the equity of the consolidated entity, or that transactions among the controlling and noncontrolling interests represent equity transactions.

**Allocation of Income or Loss — Variable Interest Entities**

Notwithstanding the above discussion, we agree with the FASB's allocation of income or loss and each component of other comprehensive income among the controlling and noncontrolling interests as required in paragraph 21 of the proposed Statement. This allocation is based on relative-ownership interests unless a contractual arrangement exists among the controlling and noncontrolling interests requiring different attribution.

However, as acknowledged in Footnote 6 to paragraph 21 and paragraph B19 of the proposed Statement, no guidance exists on whether or how variable interest entities should apply the income or loss and other comprehensive income attribution requirements of the proposed Statement. We believe the FASB should research and conclude on this matter prior to issuing the proposed Statement as a final Statement.

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We welcome any questions regarding our response.

Yours truly.

Deloitte & Touche LLP
Appendix I
Responses to Questions Raised in the “Notice for Recipients” Section of the Exposure Draft

Questions 1 and 2 — Reporting Noncontrolling Interests in the Consolidated Statement of Financial Position

This proposed Statement would define a noncontrolling interest as the portion of the equity (residual interest) in a subsidiary attributable to the owners of the subsidiary other than the parent and the parent’s affiliates. The Board concluded that the noncontrolling interest in the net assets of a subsidiary should be reported in the consolidated statement of financial position within equity, and presented separately from the parent shareholders’ equity (refer to paragraphs B10–B14). This conclusion is the same as the conclusion reached when the Board considered this issue as part of the October 1995 Exposure Draft, Consolidated Financial Statements: Policy and Procedures, and the October 2000 Exposure Draft, Accounting for Financial Instruments with Characteristics of Liabilities, Equity, or Both.

Question 1 — Do you agree that the noncontrolling interest is part of the equity of the consolidated entity? If not, what alternative do you propose and why?

We agree with the FASB’s conclusion that a noncontrolling interest in a consolidated subsidiary does not represent a liability. However, we do not believe that until the FASB completes its analysis of noncontrolling interests under its conceptual framework project it is appropriate to conclude that a noncontrolling interest represents an ownership interest in the consolidated entity. We note that these interests do not represent residual equity in the consolidated entity. Therefore, we question the conclusion that noncontrolling interests must be equity because they are not liabilities. As such, we believe that the current practice of presenting such amounts between liabilities and equity provides useful information to financial statement users, and, therefore, should be retained for the present time.

Question 2 — Do you agree with the proposed requirement to present the noncontrolling interest in the consolidated statement of financial position within equity, separately from the parent shareholders’ equity? If not, what alternative do you propose and why?

As discussed in Question 1, we do not believe that a noncontrolling interest represents an ownership interest in the consolidated entity. Therefore, we believe that the current practice of presenting such amounts between liabilities and equity provides useful information to financial statement users, and, therefore, should be retained until the FASB has completed its analysis as part of the project reconsidering the conceptual framework.

Question 3 — Attributing Consolidated Net Income and Consolidated Comprehensive Income to the Controlling and Noncontrolling Interests

This proposed Statement would require that net income or loss and each component of other comprehensive income be attributed to the controlling and noncontrolling interests based on relative ownership interests unless the controlling and noncontrolling interests have entered into a contractual arrangement that requires a different attribution between them. In that case, net income or loss and the components of other comprehensive income would be attributed to the controlling and noncontrolling interests based on the contractual requirements of that arrangement. Additionally, losses applicable to the noncontrolling interest of a subsidiary would be attributed to the noncontrolling interest.
even if those losses exceed the noncontrolling interest in the subsidiary's equity (refer to paragraphs B15-B19).

Question 3 — Do you agree with the proposed requirements for attributing net income or loss and the components of other comprehensive income to the controlling and noncontrolling interests? If not, what alternative do you propose and why?

We agree with the attribution requirements of the proposed Statement. A noncontrolling interest participates proportionately with the controlling interest in the risks and rewards of an investment in a subsidiary. As such, income and losses should be allocated to the controlling and noncontrolling interests either proportionately, based on relative ownership percentages, or based on contractual allocation requirements when such agreements exist.

However, we believe the FASB should provide guidance in the final Statement on allocating income or loss in a situation where the noncontrolling interest owns common stock of the parent and can put the common stock to the parent at fair value. The proposed Statement does not address whether this put option held by the noncontrolling interest (whether freestanding or embedded) should be factored into the allocation of income or loss.

Further, specific to allocating losses, we believe the FASB should provide guidance regarding the accounting for guarantees and similar arrangements among the controlling and/or noncontrolling interests, in particular, obligations to absorb and/or cap losses or provide additional funding. The FASB also should include examples of guarantees and similar arrangements likely to be seen in practice, and the required accounting. The examples should include, at a minimum, (1) an arrangement that involves a floor on the noncontrolling interest holders' losses in the subsidiary, and (2) an arrangement that requires the parent to provide additional funding to the subsidiary in the event of subsidiary losses.

Question 4 — Changes in Ownership Interests in a Subsidiary

This proposed Statement would require that once control of a subsidiary is obtained, any increases or decreases in ownership interests in that subsidiary that do not result in a loss of control be accounted for as equity transactions. Any difference between the amount by which the noncontrolling interest is adjusted and the fair value of the consideration paid or received, if any, would be recognized directly in equity attributable to the controlling interest (for example, additional paid-in capital). Thus, the acquisition of some or all of the noncontrolling interest in a subsidiary would not be accounted for by the purchase method as in current practice (now called the acquisition method in proposed Statement 141(R)). That decision is consistent with the Board's tentative decision that at the time the parent obtains control of a subsidiary, the assets (including goodwill) and liabilities of the subsidiary would be recorded at their fair values rather than partially at fair value and partially at carryover basis (refer to paragraphs B22-B29).

Question 4 — Do you agree that changes in ownership interests in a subsidiary after control is obtained that do not result in a loss of control should be accounted for as equity transactions? If not, what alternative do you propose and why?

We do not presently agree with the FASB's conclusion that noncontrolling interests represent equity in the consolidated entity. As such, transactions between the controlling and noncontrolling interests should not be accounted for as equity transactions.
Also, as noted above, our comment letter related to proposed Statement 141(R) recommended that the FASB converge with the IASB's business combination standards by adopting IFRS 3, Business Combinations, with certain modifications. Under IFRS 3, acquisitions in which control is obtained but less than 100 percent of the controlling interest is acquired, result in recognition of 100 percent of the fair value of identifiable net assets of the acquiree. Goodwill is calculated as the difference between the consideration paid and the fair value of the percentage of the identifiable net assets acquired. Goodwill is not allocated to the noncontrolling interest. This is a change from the accounting treatment under FASB Statement No. 141, Business Combinations. Therefore, in order to address the accounting for step acquisitions once control is obtained, the FASB will need to adopt certain provisions of IAS 27, Consolidated and Separate Financial Statements.

However, one aspect of IAS 27 that must be addressed prior to adoption by the FASB relates to the accounting and reporting of changes in a parent's ownership interest in a subsidiary that do not result in loss of control. Currently, IAS 27 does not provide guidance as to the accounting treatment for such transactions. Consequently, this lack of guidance has resulted in financial statement preparers applying differing accounting treatments to these economically similar transactions based on their respective accounting policy elections, which has, in turn, caused reduced financial statement comparability. Indeed, we understand that in practice entities that follow IASB apply one of as many as five differing methods in accounting for increases in ownership interest after control of a subsidiary is obtained. As this diversity is not desirable, we encourage the IASB and FASB to provide converged accounting guidance for these types of transactions.

Therefore, for increases in ownership interest after control is obtained, the net assets associated with the additional percentage of the subsidiary acquired should be recorded at fair value at the acquisition date. That is, while a transaction that results in an entity obtaining control results in recognizing 100 percent of assets and liabilities at fair value (excluding goodwill), increases in ownership subsequent to taking control result in a remeasurement of assets and liabilities based upon only the incremental percentage acquired. Goodwill would be recognized for any difference between (1) the cost of the additional interest acquired and, (2) the percentage of the fair value of the identifiable assets and liabilities associated with the newly acquired interest. This approach is consistent with existing U.S. generally accepted accounting principles, and, as such, represents an interim position that can be applied until completion of the joint conceptual framework. For decreases in ownership interest without a loss of control, any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration received should be recognized as a gain or loss in earnings in the period the transaction occurs.

Questions 5 and 6 — Loss of Control of Subsidiaries

This proposed Statement would require that on the date control of a subsidiary is lost, any retained investment in the former subsidiary be remeasured to its fair value in the consolidated financial statements with any gain or loss included in consolidated net income of the period. That decision is based on the Board's conclusion that the loss of control of a subsidiary is a significant economic event that changes the nature of the underlying investment. The parent-subsidiary relationship ceases to exist and an investor-investee relationship begins (refer to paragraphs B30–B33). That decision is consistent with the Board's tentative decision that obtaining control of a business is a significant economic event that should result in the recognition in income of any gains or losses on any preacquisition equity investments.
Question 5 — Do you agree that any gain or loss resulting from the remeasurement of a retained investment in a former subsidiary should be recognized in income of the period? If not, what alternative do you propose and why?

We believe that a disposition of a part of a subsidiary that results in loss of control is a significant economic event requiring recognition of any gain or loss in income in the period in which the transaction occurs. However, we do not believe that a retained noncontrolling equity investment should be remeasured to fair value. In a historical cost model, no event has occurred that warrants such a remeasurement. Therefore, we do not agree that the gain or loss resulting from the disposition should include any fair value remeasurement gain or loss related to the retained equity interest.

Any remaining noncontrolling equity investment should be accounted for under the provisions of APB Opinion No. 18, The Equity Method of Accounting for Investments in Common Stock, or FASB Statement No. 115, Accounting for Certain Investments in Debt and Equity Securities.

As noted in Question 4, this proposed Statement would require that once control of a subsidiary is obtained, changes in ownership interests in that subsidiary that do not result in a loss of control be accounted for as equity transactions. Therefore, no gain or loss would be recognized in consolidated net income. In contrast, as noted in Question 5, a decrease in ownership interests resulting in the loss of control of a subsidiary would result in any gain or loss being recognized in consolidated net income. The Board is aware that differences in accounting that depend on whether a change in control occurs could create opportunities for entities to structure transactions to achieve a particular accounting result. Therefore, this proposed Statement includes factors to consider for determining whether multiple arrangements that result in a loss of control should be accounted for as a single arrangement (refer to paragraphs B35 and B36).

Question 6 — Do you agree with the proposed guidance for determining whether multiple arrangements should be accounted for as a single arrangement? If not, what alternative do you propose and why?

We acknowledge that the accounting requirements of the proposed Statement may encourage transaction structuring on the part of preparers. As such, to the extent the proposed Statement is issued as a final Statement, guidance addressing when multiple transactions should be accounted for as a single arrangement is necessary. However, we do not believe that the guidance provided in paragraph 29 of the proposed Statement is sufficient.

Specific to paragraph 29b, it is not clear how to apply this factor, since seemingly all multiple arrangements could be grouped together and deemed to have formed a single arrangement that achieved an overall commercial effect, whether-or-not that was the intent of the arrangements. Further, both paragraph 29 and EITF Issue No. 04-13, “Accounting for Purchases and Sales of Inventory with the Same Counterparty,” include guidance on linking together multiple transactions to be accounted for as a single arrangement. From a consistency and simplicity perspective, we believe the guidance in the proposed Statement should be consistent with that found in Issue 04-13.

In addition, Appendix A of the final Statement should provide examples of how to apply the paragraph 29 criteria to real-life transactions, and the resulting accounting treatment. For instance, an example illustrating the accounting treatment for the following fact pattern would be
helpful: two transactions, which together result in loss-of-control, are determined to be part of a single arrangement, and the transactions occur in different reporting periods.

Likewise, examples should be provided on the required accounting for complex single-agreement structures likely to be seen in practice, such as agreements that involve a forward or an option. For illustrative purposes, assume an 80 percent controlling interest enters into an agreement to sell 29 percent of its controlling interest to the noncontrolling interest on July 1, 20XX, coupled with (1) a forward to sell the remaining 51 percent controlling interest six months from the initial sale date, or (2) an American option to put the remaining 51 percent controlling interest to the noncontrolling interest (the option writer) for a term of one year from the initial sale date. It is not clear how to account for this type of transaction under the proposed Statement.

**Question 7 — Reporting Earnings per Share**

*This proposed Statement would amend Statement 128 to specify the computation, presentation, and disclosure requirements for earnings per share if a parent has one or more partially owned subsidiaries. The Board believes that the presentation of earnings per share information is for the benefit of the common shareholders of the parent. Thus, although amounts for both the controlling interest and the noncontrolling interest would be reported in consolidated net income, the Board believes that earnings per share data in consolidated financial statements that include subsidiaries that are partially owned should be calculated using only amounts attributable to the controlling interest. That practice is consistent with how entities reported earnings per share before the issuance of this proposed Statement (refer to paragraphs B51 and B52).*

**Question 7 — Do you agree that earnings per share amounts should be calculated using only amounts attributable to the controlling interest? If not, what alternative do you propose and why?**

We agree that earnings per share amounts should be calculated using only amounts attributable to the controlling interest.

**Questions 8–12 — Disclosures**

*This proposed Statement would require that a parent with one or more partially owned subsidiaries disclose separately, on the face of the consolidated financial statements, the total amounts of consolidated net income and consolidated comprehensive income, and the amounts of each attributable to the controlling interest and the noncontrolling interest (refer to paragraphs B37 and B38).*

**Question 8 — Do you agree that disclosure of the total amounts of consolidated net income and consolidated comprehensive income, and the amounts of each attributable to the controlling interest and the noncontrolling interest should be required? If not, why?**

We agree.

*This proposed Statement would require that a parent with one or more partially owned subsidiaries disclose the amounts attributable to the controlling interest for the following if any of these amounts is reported in the financial statements (refer to paragraph B39):*

1. Income from continuing operations
2. Discontinued operations
3. Extraordinary items
4. Cumulative effect of changes in accounting principles
5. Components of other comprehensive income.

Question 9 — Do you agree that disclosure of the amounts attributable to the controlling interest should be required? If not, why?

We agree, as the required disclosures provide, among other considerations, the information necessary to calculate the numerator for EPS available to the shareholders of the parent when such amounts (i.e., income from continuing operations; discontinued operations; extraordinary items; cumulative effect of changes in accounting principles; and components of other comprehensive income) are reported in the financial statements.

This proposed Statement would require that an entity with one or more partially owned subsidiaries provide a reconciliation of the changes in the noncontrolling interest from the amount reported in equity as of the beginning of each reporting period to the amount reported at the end of each reporting period. That reconciliation would be provided in the consolidated statement of changes in equity, if presented, otherwise in notes to consolidated financial statements.

Question 10 — Do you agree that a reconciliation of the changes in the noncontrolling interest should be required? If not, why?

As we do not believe that a noncontrolling interest represents equity in the consolidated entity, we do not agree that any such reconciliation should be required.

This proposed Statement would require that a parent with one or more partially owned subsidiaries disclose in notes to the consolidated financial statements a separate schedule that shows the effects of any transactions with the noncontrolling interest on the equity attributable to the controlling interest An entity that presents earnings per share data also would be required to disclose on that schedule an additional per-share metric that includes in the numerator of the calculation the effects of any equity transactions with the noncontrolling interest. In its exposure draft of proposed amendments to IAS 27, Consolidated and Separate Financial Statements, the International Accounting Standards Board (IASB) has decided not to require the disclosure of such a schedule (refer to paragraphs B40–B46).

Question 11 — Do you agree that disclosure of a separate schedule that shows the effects of any transactions with the noncontrolling interest on the equity attributable to the controlling interest should be required? Please provide the basis for your position.

As noted in our response to Question 4 above, we do not believe that transactions with noncontrolling interests should be accounted for as equity transactions. As such, additional disclosure would not be warranted.

If control of a subsidiary is lost, this proposed Statement would require that the parent disclose (a) the amount of any gain or loss recognized on the loss of control and (b) the caption in the income statement in which that gain or loss is recognized (if not separately presented on the face of the income statement). If the parent retains an investment in the former subsidiary, this proposed Statement also would require disclosure of the portion
of the gain or loss related to the remeasurement of the retained investment separately from the disclosure of the total gain or loss recognized.

Question 12 — Do you agree that disclosure of the gain or loss recognized on the loss of control of a subsidiary should be required? If not, why?

As noted in our response to Question 5 above, we believe that a disposition of part of a subsidiary that results in loss of control is a significant economic event requiring recognition of any gain or loss in income in the period in which the transaction occurs. However, we do not believe that the remaining noncontrolling equity investment should be remeasured to fair value, and, therefore, do not agree that the gain or loss resulting from the disposition should include any fair value remeasurement gain or loss related to the retained equity interest. Likewise, we believe full disposition of a subsidiary warrants disclosure.

We agree, therefore, that disclosure of the gains and losses on full and partial dispositions of subsidiaries should be required.

Question 13 — Transition

The requirements of this proposed Statement would be applied retrospectively except in limited circumstances for which the Board believes retrospective application is likely to be impracticable (refer to paragraphs B48–B50).

Question 13 — Do you agree with the proposed transition requirements? If not, what alternative do you propose and why?

As discussed above, we do not support adoption of the proposed Statement as a final Statement. However, to the extent the FASB accepts our suggested alternative accounting treatments as discussed above, we agree with the transition provisions.

In addition, we believe also that retrospective application of paragraphs 34a and 34b of the proposed Statement should be permitted, but only to the extent an entity could apply the provisions to all historical transactions (i.e., an “all-or-none” retrospective application). We do not believe financial reporting would be improved if an entity looked retrospectively to some arbitrary point in time (e.g., the years presented or all transactions within the last five years) or applied the provisions to certain historical transactions.
Appendix II
Other Items for the FASB's Consideration

The following comments should be considered by the FASB to the extent the proposed Statement is issued as a final Statement.

Assets Held for Sale Considerations

The proposed Statement does not address assets held for sale considerations under FASB Statement No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets, in situations where an entity makes a decision to sell a portion of its ownership interest in a subsidiary that will result in loss of control, but the entity will continue to exert significant influence over the former subsidiary.

Entities generally do not classify a subsidiary as assets held for sale upon a decision to sell the subsidiary when an equity method investment will be retained. That is, there is a conceptual difference (and resulting accounting difference) between selling a subsidiary or certain assets of a subsidiary and reducing an ownership (equity) interest in a subsidiary. However, in a loss of control scenario under the proposed Statement, an entity is, in essence, selling (and deconsolidating) 100 percent of the subsidiary and acquiring a new, noncontrolling investment.

As such, a question arises as to whether assets held for sale classification may be appropriate at the time the decision to sell the controlling interest in the subsidiary is made, assuming the other criteria required for such classification are met.

For illustrative purposes, assume an entity has an 80 percent controlling interest in a subsidiary and decides to sell 40 percent of its interest. The sale will result in loss of control, but the entity will exert significant influence over the former subsidiary (i.e., a resulting 40 percent equity method investment). If the criteria for assets held for sale recognition under Statement 144 are met, should the entity reclassify the subsidiary’s net assets as assets held for sale at the time the decision is made, or wait until the transaction occurs to deconsolidate and record the equity method investment? We do not support deconsolidation based upon an entity’s intent to sell its controlling interest. This question should be addressed in the final Statement.

Cumulative Translation Adjustment

In the “Amendments to Existing Pronouncements” section of the proposed Statement, paragraph D8 denotes the amendments to FASB Statement No. 52, Foreign Currency Translation. We suggest the following revision to the first sentence of paragraph 14 of Statement 52, as it would more clearly communicate that any loss of control event triggers the removal of the cumulative translation adjustment and recognition as part of any gain or loss:

Upon loss of control (e.g., upon a sale, a complete or substantially complete liquidation of an investment in a foreign entity, etc.), the amount....

In addition, this amendment to Statement 52 represents a significant change in current guidance as there is no adjustment to the cumulative translation adjustment balance (other than reallocation among the controlling and noncontrolling interests based on the proportionate ownership interests after the transaction) until loss of control, and upon loss of control, all cumulative translation adjustment balances are removed from the separate component of equity and are reported as part of any gain or loss. Due to the significance of this change, the FASB should highlight this new
guidance within the body of the final Statement, and should likewise expand this guidance to specifically address all components of accumulated other comprehensive income.

The final Statement, also, should clarify the cumulative translation adjustment accounting requirements in situations where an entity loses control of a former subsidiary, but continues to exert significant influence over a retained investment. We have interpreted the proposed Statement to require the entire amount of cumulative translation adjustment (and other such components of accumulated other comprehensive income) to be recognized in the gain or loss upon loss of control, with the fair value of the retained equity method investment representing the beginning equity method balance after the transaction. That is, there is no cumulative translation adjustment (or other comprehensive income balances) included in the opening equity method investment balance.

**Implementation Guidance**

Paragraphs A3 - A9 of Appendix A illustrate one way an entity could meet the presentation and disclosure requirements of the proposed Statement. However, there appears to be a conflict between the example and the guidance found in paragraph 2A of the proposed Statement.

Specifically, the attribution of net income and the components of other comprehensive income in example year 20X7 are based on an 80 percent – 20 percent proportionate ownership basis; however, those were not the proportionate ownership percentages throughout 20X7. The controlling interest’s proportionate ownership began 20X7 at 80 percent, was reduced to 70 percent on January 30, and was increased to 90 percent on July 1. As such, the example year 20X7 attribution should be based on the differing ownership percentages throughout 20X7, or an explanation should be provided as to why the 80 percent – 20 percent attribution remains appropriate. We believe these types of proportional ownership changes may be commonly seen in practice, and, therefore, the final Statement should explicitly address attribution methodology in such circumstances.

**Other Matters**

We have interpreted paragraph 28 of the proposed Statement to depict the mechanics of the final journal entry(s) required upon deconsolidation of a subsidiary. However, we are unsure if this is the FASB’s intention, or if something else is implied. We believe this paragraph’s intent and purpose should be clarified in the final Statement.

In the “Amendments to Existing Pronouncements” section of the proposed Statement, paragraph D5, which amends AICPA Accounting Interpretation 1, “Intercompany Profit Eliminations Under Equity Method” of Opinion 18, is in need of conforming changes to match paragraph 14 of the proposed Statement (i.e., “may allocate” should be “shall allocate”). In addition, paragraph D18, which amends FASB Statement No. 142, *Goodwill and Other Intangible Assets*, appears to have a typo regarding the effective date of proposed FASB Statement No. 141 (R), *Business Combinations*, and the final Statement (i.e., both proposed Statements are noted as having effective dates of December 15, 2005, as opposed to December 15, 2006).