Agencies Issue New Guidelines on ‘Pushdown Accounting’

The Financial Accounting Standards Board and the Securities and Exchange Commission have issued new guidance on “pushdown accounting,” which involves an acquired organization using the acquirer’s basis of accounting to prepare its financial statements.

“Accounting Standards Update No. 2014-17, Business Combinations (Topic 805): Pushdown Accounting,” from the FASB, is intented to provide guidance on whether and at what threshold an acquired entity that is a business or nonprofit activity can apply pushdown accounting in its separate financial statements.

The amendments in the update provide an acquired entity with an option to apply pushdown accounting in its separate financial statements upon occurrence of an event in which an acquirer obtains control of the acquired entity.

Download the report.