

TABLE OF CONTENTS

*(NOTE: This is a summary Table of Contents.
Detailed Tables of Contents follow the tabs FINANCIAL ACCOUNTING,
INDUSTRY PRACTICES, TAX ACCOUNTING, and LEGAL RULES)*

INTRODUCTION.....	Introduction i
ACRONYMS AND ABBREVIATIONS	Acronyms i
LIST OF OFFICIAL LITERATURE CITED	Literature i

PART 1: FINANCIAL ACCOUNTING RULES

Part 1 Contents	FIN i
I. REVENUE RECOGNITION IN GENERAL.....	FIN-I 1
A. The Revenue Transaction Cycle.....	FIN-I 1
B. Realization versus Recognition.....	FIN-I 3
C. U.S. Guidelines and Rules.....	FIN-I 5
D. International Accounting Guidelines and Rules.....	FIN-I 36
II. CASH FLOW VERSUS REVENUE RECOGNITION	FIN-II 1
A. Cash Flow and Business Viability	FIN-II 1
B. Operating Cash Flow	FIN-II 3
C. Free Cash Flow	FIN-II 9
III. PREMATURE OR FICTITIOUS REVENUE RECOGNITION	FIN-III 1
A. Aggressive Accounting	FIN-III 1
B. Fraudulent Financial Reporting.....	FIN-III 9
IV. TRAINING AND MANAGEMENT ISSUES	FIN-IV 1
A. Sales Staff	FIN-IV 1
B. The Sarbanes-Oxley Act and Revenue Concerns	FIN-IV 8
C. Private Companies.....	FIN-IV 12
D. Best Practices in Revenue Reporting	FIN-IV 15
E. Pricing Strategies.....	FIN-IV 16
V. REVENUE RECOGNITION IN ACQUISITIONS	FIN-V 1
A. Nature of Acquisitions	FIN-V 1
B. Revenue Recognition Complications	FIN-V 3
C. Shareholder Lawsuits from Aggressive Revenue Policies	FIN-V 8

PROCEDURES FIN

Contents..... Procedures FIN i

RESOURCES FIN

Contents..... Resources FIN i

SUPPLEMENTS FIN

Contents..... Supplements FIN i

PART 2: INDUSTRY PRACTICES

Part 2 Contents IND i

I. OVERVIEW	IND-I 1
A. About Industry-Specific Practices	IND-I 1
B. Selecting a Cross-Section of Industries	IND-I 2
C. Understanding an Industry.....	IND-I 3
II. SPECIFIC INDUSTRIES	IND-II 1
A. Commercial Banking.....	IND-II A 1
B. Consignment.....	IND-II B 1
C. Construction Contracting	IND-II C 1
D. Franchising.....	IND-II D 1
E. Government Contracting.....	IND-II E 1
F. Health Care	IND-II F 1
G. Insurance	IND-II G 1
H. Manufacturing.....	IND-II H 1
I. Media and Entertainment	IND-II I 1
J. Natural Resources	IND-II J 1
K. Real Estate.....	IND-II K 1
L. Retail	IND-II L 1
M. Service.....	IND-II M 1

N. Software	IND-II N 1
O. Transportation	IND-II O 1

PROCEDURES IND

Contents.....	Procedures IND i
---------------	------------------

RESOURCES IND

Contents.....	Resources IND i
---------------	-----------------

SUPPLEMENTS IND

Contents.....	Supplements IND i
---------------	-------------------

PART 3: TAX ACCOUNTING RULES

Part 3 Contents	TAX i
-----------------------	-------

I. THE NATURE OF TAX ACCOUNTING	TAX-I 1
A. Tax versus Financial Accounting Rules	TAX-I 3
B. Accounting Methods and Periods	TAX-I 7
C. Various Entities	TAX-I 9
II. TAX ACCOUNTING METHODS	TAX-II 1
A. Statutory Rule for Methods of Accounting.....	TAX-II 1
B. Common Accounting Methods	TAX-II 3
C. Special Treatments	TAX-II 9
III. CHANGE OF ACCOUNTING METHOD	TAX-III 1
A. The Litmus Test	TAX-III 1
B. Automatic versus Non-Automatic Consent	TAX-III 2
C. Compliance Requirements.....	TAX-III 6
D. Choosing the Best Accounting Method	TAX-III 8
IV. PLANNING ASPECTS	TAX-IV 1
A. Good versus Bad Tax Planning	TAX-IV 1
B. The Internal Revenue Service.....	TAX-IV 2
C. Rules of Effective Tax Planning	TAX-IV 11
D. Installment Sales.....	TAX-IV 15
E. Long-Term Contracts	TAX-IV 16
F. Software Implications.....	TAX-IV 18.1
G. Royalty or Passive Investment Companies.....	TAX-IV 18.2
H. Qualified Patent Cross Licensing Arrangements.....	TAX-IV 19

I. Accounting for Uncertain Tax Positions	TAX-IV 21
J. Impact of the Emergency Economic Stabilization Act of 2008	TAX-IV 24

PROCEDURES TAX

Contents.....	Procedures TAX i
---------------	------------------

PART 4: LEGAL RULES

Part 4 Contents	LEG i
-----------------------	-------

I. OVERVIEW.....	LEG-I 1
A. Legal Considerations versus Financial Accounting	LEG-I 1
B. Legal Rules versus Tax Rules	LEG-I 3
C. Impact of Government Agencies.....	LEG-I 4
D. General Guidelines	LEG-I 6
E. Enterprise Risk	LEG-I 6
F. Sales Force Guidelines.....	LEG-I 8
G. Revenue Restatements and Side Agreements	LEG-I 10
H. Scheme Liability	LEG-I 12
II. THE UNIFORM COMMERCIAL CODE (UCC)	LEG-II 1
A. Origins and Nature of Sales Law	LEG-II 1
B. Scope and Extent of Article 2 of the UCC	LEG-II 3
III. HYBRID TRANSACTIONS UNDER UCC ARTICLE 2	LEG-III 1
A. Mixed Sales-and-Service Transactions.....	LEG-III 1
B. Case in Point: Revenue Arrangement with Multiple Deliverables	LEG-III 3
IV. LEGAL PLANNING IN COMMERCIAL SALES OF GOODS.....	LEG-IV 1
A. Documentary Transactions	LEG-IV 1
B. E-Contracts for Sales Transactions under Article 2	LEG-IV 5
C. Digital, Internet-based Payment Systems under Article 2	LEG-IV 6
D. Contracts for the International Sale of Goods	LEG-IV 8
E. Vertical Resale Price Maintenance Agreements	LEG-IV 18
V. LEGAL CONSIDERATIONS IN NON-GOODS TRANSACTIONS.....	LEG-V 1
VI. OTHER LEGAL PLANNING ISSUES.....	LEG-VI 1
A. Accounting Disclosure Standards for Commercial Litigation.....	LEG-VI 1
B. Credit Card Accountability, Responsibility, and Disclosure Act.....	LEG-VI 3

PROCEDURES LEG

Contents.....Procedures LEG i

SUPPLEMENTS LEG

Contents.....Supplements LEG i