

Interpretation of the Emerging Accounting Issues Working Group**INT 99-21: EITF 98-7: Accounting for Exchanges of Similar Equity Method Investments****ISSUE NULLIFIED BY SSAP NO. 95****INT 99-21 Date Discussed**

June 7, 1999; October 4, 1999

INT 99-21 References

SSAP No. 18—Accounting For Transfers and Servicing of Financial Assets and Extinguishments of Liabilities (SSAP No. 18)

SSAP No. 28—Nonmonetary Transactions (SSAP No. 28)

SSAP No. 91R—Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities (SSAP No. 91R)

INT 99-21 Issue

1. For GAAP purposes, accounting for the exchange of nonmonetary assets is addressed in APB Opinion No. 29, *Accounting for Nonmonetary Transactions* (APB No. 29), and allows in some cases, such as an equity method investment, an exchange to be based upon its historical cost. For statutory purposes, APB No. 29 was adopted without modification in SSAP No. 28. FASB Statement No. 125, *Accounting For Transfers and Servicing of Financial Assets and Extinguishments of Liabilities* (FAS 125), provides that transfers of financial assets should be recorded at their fair market values. This concept was also adopted for statutory purposes in SSAP No. 91R. EITF 98-7, *Accounting for Exchanges of Similar Equity Method Investments* (EITF 98-7), clarifies the inconsistency between these two GAAP pronouncements as they relate to the exchange of equity method investments.

INT 99-21 Discussion

2. The working group reached a consensus that EITF 98-7 be adopted to provide that the exchange of equity method investments to be accounted for at historical cost, and not fair market value.

INT 99-21 Status

3. No further discussion is planned.