



**Kakimoto & Nagashima LLP**  
Certified Public Accountants  
Consultants

## NEWSLETTER

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### Any Questions?

We are committed to providing our clients with quality and excellent services. If you have any questions or comments, please let us know by either e-mail or phone. Our company profile is available on the internet at:

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## Special Announcement on Our Alliance With Plante & Moran, PLLC

To Our Valued Clients and Business Associates

We are very pleased to announce that we have joined Plante & Moran, PLLC (P&M) as an independent member of their alliance. Through this association, we will have access to diverse services and resources to better address your needs and meet your expectations. The following is a brief summary of who P&M is and their resources:

- Established in 1924
- Ranked as number 12 in the United States
  - ◆ Over 200 partners and 1600 personnel
  - ◆ 18 US offices in Michigan, Ohio, and Illinois
  - ◆ Office in Shanghai (China), Mumbai (India), and Monterey (Mexico)
- P&M Japanese practice members in Detroit, Chicago, Columbus, and Cincinnati
- Member of Praxity Global Alliance of Independent Firms
- Primary services offered
  - ◆ Financial – IFRS, assurance, international tax compliance and planning
  - ◆ Transaction support – M&A, forensic accounting, valuation services, litigation support
  - ◆ Strategy – customer and global strategies, strategic planning and assessment
  - ◆ Operations and process – lean operations, quality management, process improvement
  - ◆ Technology – enterprise resource planning (ERP), security assurance, technology assessment and planning
  - ◆ Affiliate services – financial advisory, commercial real estate advisory, and corporate finance

With P&M's strong presence in the Midwest area, we will be able to cover the Midwest area with significant resources. In addition, we bring substantially more resources overall to allow you to succeed in your business.

Should you have any questions or require further information, please do not hesitate to contact us.

*An Independent Member of the*

**plante moran**  
**ALLIANCE**

## International Financial Reporting Standards: Making The Transition

International Financial Reporting Standards ("IFRS") have already affected your company. Your foreign affiliates, such as your parent company or non-U.S. subsidiaries, may be undergoing the IFRS adoption process or have adopted IFRS at this point. Your business transactions may have been already impacted by interacting with non-U.S. customers and/or vendors reporting under IFRS. Most believe that conversion in the United States is just a matter of time.

### U.S. Public Company/SEC Status

In February 2010, the SEC published a statement to make clear that the SEC continues to support a single set of high-quality globally accepted standards based on the belief that it would benefit U.S. investors. If certain events occur and particular matters are addressed, the SEC stated that it would make a decision in 2011 on whether to incorporate IFRS into the U.S. financial reporting system. In addition, the SEC has instructed its staff to implement a "Work Plan"; the results of the Work Plan will be used to assist the SEC in making its determination regarding the use of IFRS. If the SEC determines in 2011 to go forward with IFRS, it has been proposed that U.S. public companies would report under IFRS no earlier than 2015.

### FASB/IASB Joint Projects - Convergence

As part of the Work Plan, IFRS will be considered as it is presently and after the completion of several joint projects between the Financial Accounting Standards Board ("FASB") and the International Accounting Standards Board ("IASB"). The FASB and IASB have established target dates for these joint projects with a goal to issue a number of accounting standards in 2010 or 2011; for more information regarding certain joint projects, please see our July 2010 newsletter article. In addition, both the FASB and the IASB are conducting several separate accounting projects which could be finalized in 2010 or 2011.

### Japan/IFRS Status

Currently, Japanese "Listed Companies" which met certain requirements were permitted to use IFRS for their consolidated financial statements ending on or after March 31, 2010. The Accounting Standards Board of Japan and the IASB have recently met in September 2010 to further move on their convergence activities and to review preparation plans for the future adoption of IFRS for Japanese financial reporting purposes. Planned convergence is to be achieved by June 2011. A decision in 2012 by Japan's Business Accounting Council will be made regarding the 2015 or 2016 mandatory adoption of IFRS by listed companies.

### Transitioning to IFRS

Transitioning to IFRS will be different for each Company. Transition factors will include: how closely a Company's current accounting policies align with IFRS, attributes of the Company's business and the size/complexity of the Company and its operations. Transitioning to IFRS will provide you with an opportunity to take a fresh look at your major accounting policies. Because the size/complexity of a Company's differences between U.S. GAAP and IFRS could significantly drive IFRS implementation planning, an overview is provided below which addresses certain commonly encountered differences. Please note that the following differences between U.S. GAAP and IFRS could be reduced or eliminated by the completion of current FASB/IASB joint and separate projects.

Accounting Area	Item	U.S. GAAP	IFRS
Inventories	Costing Method	LIFO is allowed.	LIFO is prohibited.
	Inventory Write-downs	Write-downs cannot be subsequently reversed.	Inventory impairment losses can be reversed up to the amount of the previously recorded loss depending on facts/circumstances.
Property, Plant and Equipment	Revaluation	Revaluation is not permitted.	Revaluation to fair value is permitted as an alternative to the cost method (generally, historical cost); once revaluation is elected, revaluation to fair value should be performed on a regular basis. Changes in fair value are recognized in equity (to the extent not previously recognized in the income statement).
	Impairment Loss	Impairment testing begins with undiscounted cash flows.  Impairments once recognized cannot be reversed.	Entity-specific discounted cash flows or a fair value measure is used in testing for recoverability of the asset.  If certain criteria are met, the reversal of impairments is allowed.
Intangible Assets	Development Costs	Are expensed when incurred except if addressed in a specific accounting standard.	Can be capitalized when technical and economic feasibility can be demonstrated.
Revenue Recognition *	Recognition	Generally, revenue is recorded when (1) it is earned and (2) either realized or realizable. Numerous industry-specific revenue recognition exceptions or extensive guidance are in place.	Revenue is recognized when (1) it is probable that future economic benefits will flow to the entity and (2) these benefits can be measured reliably. Limited guidance for industry-specific areas.
Income Taxes	Uncertain Tax Positions	Two-step process for recognition and measurement: first, determining whether the recognition of an uncertain tax position is appropriate and second, accurately measuring that position.	No specific guidance. Generally, tax assets and liabilities should be measured at the amount expected to be paid.
	Deferred Tax Assets	Recognized in full; valuation allowance is used to reduce the asset to the amount more likely than not to be realized.	Assets are recognized to the extent it is probable that they will be realized.
	Balance Sheet Classification	Deferred tax asset/liability classified based on related asset or liability.	Generally, deferred tax assets and liabilities are classified as noncurrent.
Fair Value *	Measurement	Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price).	Various fair value measurement definitions. Generally, fair value is seen as the price at which an asset could be exchanged (neither explicitly an exit price nor an entry price).
Consolidation *	Consolidation Model	Focus is on voting interest model and/or variable interest model.	Focus is on the concept of the power to control.
Financial Statement Presentation *	Periods Required	Single year presentation is allowed.	Comparative information for the preceding period is required.

\* Included in a FASB/IASB joint project

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## Tax Incentives - "Small Business Jobs Act of 2010"

On September 27th, 2010, President Obama signed into law the Small Business Jobs Act of 2010 (the "Act") which includes a number of important tax provisions for businesses large and small, and includes changes for individuals as well. The Act is established with the aim of stimulating job growth through \$12 billion in tax incentives as well as small business lending initiatives. Following are eight new small business tax cuts in the Act which may affect a large number of taxpayers and go into effect immediately.

### Section 179 Expensing for 2010 and 2011:

- A qualifying taxpayer can choose to treat the cost of capital investments as an expense and deduct those costs in the year the property is placed in service instead of depreciating them over several years. Under current law, qualifying businesses can expense up to \$250,000 of capital investments (Internal Revenue Code section 179 property) for tax years beginning in 2010, and the maximum expensing amount is reduced by the amount by which the cost of Code Sec. 179 property placed in service exceeds \$800,000 (the investment ceiling). For tax years beginning after 2011, these amounts were to revert to \$25,000 and \$200,000 respectively. The Act increases the maximum Code Sec. 179 expensing amount to \$500,000 and the investment ceiling to \$2,000,000 for tax years beginning in 2010 or 2011.
- In addition, the Act provides that for any tax year beginning in 2010 or 2011, qualified real property (qualified leasehold improvement property, qualified restaurant property, and qualified retail improvement property) is eligible for \$250,000 of expensing under Code Sec. 179. The \$250,000 expensing of qualified real property counts against the overall Section 179 limitation of \$500,000 discussed above.

### 2010 Bonus Depreciation:

- The Act extends the current option to claim 50% additional first-year bonus depreciation through 2010, allowing businesses to take a larger tax deduction in the first year of a property's purchase for assets placed in service before January 1, 2011.
- The depreciation deduction for passenger automobiles is subject to dollar limits that are annually adjusted for inflation. For passenger automobiles placed in service in 2010 the first year limit was \$3,060. For light trucks or vans, the first year limit was \$3,160. The Act increases the applicable first-year depreciation limits for vehicles placed in service by December 31, 2010 by \$8,000. Thus, the allowable first year depreciation is now \$11,060 for a qualifying passenger automobile and \$11,160 for a qualifying light truck or van.

### Cell Phones Removed from Listed Property Category:

- Under the Act, cell phones are removed from the definition of listed property for tax years beginning after Dec. 31, 2009. Thus the cost of cell phones and other similar telecommunications equipment can be deducted or depreciated like other business property, without the need to comply with the onerous pre-Act record-keeping requirements.

### 2010 Start-up Expenses:

- The Act provides that for a tax year beginning in 2010, the deduction for start-up expenses under Internal Revenue Code Sec. 195 will be increased from \$5,000 to \$10,000 and the phaseout threshold will be increased from \$50,000 to \$60,000.

### Gain Exclusion for the Sale of Certain Small Business Stock:

- Before the Act, for noncorporate taxpayers, gain from certain small business stock was subject to either a 50% or 75% exclusion depending on when the stock was acquired. The stock must have been acquired at original issue and held for more than 5 years. The Act increases the exclusion to 100% of capital gain for small business stock acquired after the enactment date and before January 1, 2011.

### Carry-back of Eligible Small Business Credit:

- Under pre-Act law, unused general business credits could generally be carried back one year and carried forward 20 years. Under the Act, for the first tax year of the taxpayer beginning in 2010, eligible small businesses can carry back unused general business credits for five years instead of one year. Eligible small businesses are sole proprietorships, partnerships, and non-publicly traded corporations with \$50 million or less in average annual gross receipts for the prior three years.

### Limitation on Penalties:

- The Act changes the penalty for failure to disclose a reportable transaction to the IRS from a fixed dollar amount to a percentage of the tax benefits received from the transaction.

### Health Insurance Costs Deduction for Self-Employed Individuals:

- The Act provides that for a tax year beginning after Dec. 31, 2009 but before Jan. 1, 2011, when calculating self employment taxes, the health insurance costs of a self-employed taxpayer under Internal Revenue Code Sec. 162(l) can be deducted in computing net earnings from self-employment.

We have highlighted some of the provisions of the Small Business Jobs Act of 2010. If you should have any questions or concerns about the contents of this article, please do not hesitate to contact us. ♦

*(Continued from page 2)*

Adopting IFRS will not only impact accounting policies but may require modifications to many company processes including: financial reporting, internal control, tax and legal. Companies should prepare themselves by considering:

- Analysis of the costs and benefits of transition
- Assessment of related entities already using IFRS (parent companies, subsidiaries, joint ventures)
- Evaluation of how IFRS reporting will impact accounting policies and reporting results/requirements
- Implementation plans for IFRS transition/centralization processing
- Education of users and investors

Successful IFRS transitions depend on well-thought out planning throughout the entire process and having the right team in place. Through our future media events, newsletter articles and ongoing client communication, we hope to keep you apprised of the developments in this area. We can help you in planning and executing your IFRS transition and can provide assistance in all areas of the implementation process. If you should have any questions regarding the contents of this article, please do not hesitate to contact us. ♦

## Smartphones – Which One Is Right For You?

The past few years have seen a significant up-rise in the sales and usage of smartphones, in both the consumer and corporate market. The war between Apple's iPhone, Google's Android, Research In Motion's (RIM) BlackBerry and Microsoft's Windows Mobile 7 is an all-out battle that has been on-going over the past few years with no end in sight. Each brand has had its fair share of the market over the years. Which one is the leader of the pack as of today?

Marketing intelligence company comScore published its quarterly Mobile Subscriber Market Share findings, which tracked total smart phone subscribers for the three months ending in July. The company found that Google's Android was the only platform to grow its market share during that time — taking 17 percent of the U.S. smart phone market, up from 12 percent.

Top Smartphone Platforms 3 Month Avg. Ending Jul. 2010 vs. 3 Month Ave. Ending Apr. 2010 Total U.S. Smartphone Subscribers Ages 13+ Source: comScore Mobilens			
	Share (%) of Smartphone Subscribers		
	Apr-10	Jul-10	Point Change
<i>Total Smartphone Subscribers</i>	100.0%	100.0%	N/A
RIM	41.1%	39.3%	-1.8
Apple	25.1%	23.8%	-1.3
Google	12.0%	17.0%	5.0
Microsoft	14.0%	11.8%	-2.2
Palm	4.9%	4.9%	0.0

Google remains in third place behind first-place RIM and second-place Apple. However, RIM's BlackBerry lost ground — down from 41.1 percent of smart phone subscribers to 39.3 percent. Meanwhile Apple's iPhone dropped from 25.1 percent of the market to 23.8 percent.

But fourth-place Microsoft (still in the midst of gearing up for Windows Phone 7) took the biggest loss, dipping from 14 percent of U.S. smart phone subscribers to 11.8 percent. Fifth-place Palm's market share remained flat at 4.9 percent of the market.

ComScore's report is yet another piece of evidence that Apple is being hampered by its carrier exclusivity. After all, it's interesting to note that Apple lost this ground to Google despite the launch of iPhone 4 during this time.

To be sure, the iPhone 4 only hit the market at the end of June (and it had a bumpy launch to boot). With the iPhone 4 only having one month of sales to add to comScore's report, comScore's next quarterly report will be especially revealing.

All in all, it's been nothing but good news for Google Android recently. In June, the IT research firm, Gartner reported that Android had passed Apple's iOS to become the third-most-popular mobile phone OS in the world. Meanwhile, Gartner predicted that Android would not only go on to take the No. 2 position in the worldwide mobile operating system market by the end of this year, but that it would challenge Nokia's Symbian OS for its No. 1 position by 2014.

ComScore's report found that 53.4 million people in the U.S. owned smart phones during the quarter, up 11 percent from the previous quarter. Are you one of these people? Maybe it's time to bite the bullet and purchase a smartphone now. The professionals here at Kakimoto & Nagashima LLP can help you make the decision on which smartphone will be right for you.♦

*Below is a comparison of the most popular synchronization features for smartphones:*

	Android	iPhone	Windows Mobile	Symbian S60	Blackberry
<b>PIM Sync*</b>					
<b>Calendar Sync</b>	Syncs to: -Google (Google Sync) -Outlook Calendar -iCal (Missing Sync) -Entourage (Missing Sync) -MS Exchange (Road Sync)  Does not Sync to: -Yahoo Calendar -Windows Live Calendar	Syncs to: -Google (Google Sync) -Yahoo Calendar -iCal -Outlook -MS Exchange -MS Exchange  Does not Sync to: -Windows Live Calendar -Blackberry BIS Server	Syncs to: -Google (Google Sync) -Windows Live (My Phone) -Outlook -MS Exchange -iCal (Missing Sync) -Entourage (Missing Sync)  Does not Sync to: -Yahoo	Syncs to: -Outlook (Nokia Suite) -Google (Google Sync) -MS Exchange (Road Sync)  Does not Sync to: -BIS Exchange -Yahoo Calendar -Windows Live Calendar	Syncs to: -Outlook (BB Desktop Mgr) -Google (Google Sync) -iCal (Missing Sync) -Entourage (Missing Sync) -BIS Exchange  Does Not Sync to: -Windows Live Calendar -Yahoo Calendar
<b>Contacts Sync</b>	Syncs to: -Google (Google Sync) -Outlook Contacts -iCal (Missing Sync) -Entourage (Missing Sync) -MS Exchange (Road Sync)  Does not Sync to: -Yahoo Contacts -Windows Live Contacts	Syncs to: -Google (Google Sync) -iCal -Outlook -MS Exchange  Does not Sync to: -Windows Live Contacts -Yahoo Contacts -Blackberry BIS Server	Syncs to: -Google (Google Sync) -Outlook -MS Exchange -Windows Live (My Phone) -iCal (Missing Sync) -Entourage (Missing Sync)  Does not Sync to: -Yahoo Contacts	Syncs to: -Outlook (Nokia Suite) -Google (Google Sync) -MS Exchange (Road Sync)  Does not Sync to: -BIS Exchange -Yahoo Contacts -Windows Live Contacts	Syncs to: -Outlook (BB Desktop Mgr) -Google (Google Sync) -iCal (Missing Sync) -Entourage (Missing Sync) -BIS Exchange  Does Not Sync to: -Windows Live Contacts -Yahoo Contacts
<b>Email Sync</b>	Syncs to: -Google (Google Sync) -MS Exchange (Road Sync) -Yahoo (Plus Acct or Special) -MS Hotmail (Limited Countries)  Does not Sync to: -BIS Server	Syncs to: -Google (Google Sync) -MS Exchange -Yahoo -MS Hotmail (Limited Countries)  Does not Sync to: -BIS Server	Syncs to: -Google (Google Sync) -MS Exchange (Road Sync) -Yahoo (Plus Acct or Special) -MS Hotmail (My Phone)  Does not Sync to: -BIS Server	Syncs to: -Google (Google Sync) -MS Exchange (Road Sync) -Yahoo (Plus Acct or Special) -MS Hotmail (Windows Mobile Live)  Does not Sync to: -BIS Server	Syncs to: -Outlook (BB Desktop Mgr) -Google (Google Sync) -Yahoo (BIS) -Hotmail (BIS) -BIS Exchange

\*Personal Information Management