

Tickmarks

- {a}** Trademark had not implemented FAS 106 when it first became effective because it was not material based on their plans at such date; however, in 1998 they introduced a new plan. The unrecorded liability for such benefits has been growing each year.
- {b}** Projected probable misstatement of accounts payable from representative sampling of subsequent cash disbursements (7/1/99-8/31/99) is \$3,816,179 of which the known misstatement is \$716,932.
- {c}** Client used incorrect interest rate in calculating accrued interest in the fourth quarter.
- {d}** Trademark amortized insurance expense based on its prior year premiums; however, its annual property insurance premiums increased by \$1,000,000 in 1999.
- {e}** The client accrued legal expenses monthly based on an estimate; however, Trademark incurred additional legal costs in the fourth quarter.
- {f}** Trademark inappropriately capitalized software development costs of \$1.5 million back in 1997 and has been amortizing them over a five year period. At June 30, 1999, the net deferred amount was \$715,000.
- {g}** The legal letters confirmed that the company expected there would be an unfavorable outcome in a patent case. Based on discussion with general counsel, outside counsel and review of the company's own analysis, the company concluded it was probable that a loss would be incurred, estimated a range of losses and concluded no one amount was more likely than another. The company accrued for the maximum amount of loss, \$5,000,000. The low end of the range was \$2,500,000. This likely error represents the overaccrued portion under FAS 5.