

# Reasons Why Fundamental Accounting Concept<sup>1</sup> Test Fails

## IS5

**Income (Loss) from Continuing Operations after Tax** = Income (Loss) from Continuing Operations  
Before Tax - Income Tax Expense (Benefit)

### What this rule tests

This rule tests the relationship between three very common line items of a financial report:

- Income (loss) from continuing operations before tax
- Income tax expense (benefit)
- Income (loss) from continuing operations after tax

If a reporting entity has no income tax expense (benefit) line item then the value is imputed to be zero and then income (loss) from continuing operations before and after tax are the same values.

Of a total 9679 financial reports examined, 9,109 reporting entities, 94% of the total, conformed to this relationship pattern. A total of 291, 3% of that the total, do not conform to this pattern. Of the 3% which did not conform to this relation, the following is a summary of the reasons:

- Entered value for income tax expense (benefit) in reverse (approximately 6% of filers that do not conform make this mistake)
- Other issues

### Common reasons why test fails

#### ***Entered value for income tax expense (benefit) in reverse***

The filing below shows income tax expense (benefit) entered in reverse (a credit entered as a debit; or a debit entered as a credit). See the income statement of this filing:

[http://www.sec.gov/cgi-bin/viewer?action=view&cik=1368007&accession\\_number=0001368007-13-000016&xbrl\\_type=v#](http://www.sec.gov/cgi-bin/viewer?action=view&cik=1368007&accession_number=0001368007-13-000016&xbrl_type=v#)

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<sup>1</sup> For more information on the fundamental accounting concepts and the relations between these concepts please see <http://fundamentalaccountingconcepts.wikispaces.com>

Condensed Consolidated Statements of Operations (Unaudited) (USD \$) In Millions, except Per Share data, unless otherwise specified	3 Months Ended		9 Months Ended	
	Sep. 30, 2013	Sep. 30, 2012	Sep. 30, 2013	Sep. 30, 2012
<b>Revenues</b>				
Transaction and clearing fees	\$ 554	\$ 570	\$ 1,845	\$ 1,828
Market data	91	85	265	263
Listing	113	112	334	334
Technology services	74	81	231	254
Other revenues	58	54	173	161
<b>Total revenues</b>	<b>890</b>	<b>902</b>	<b>2,848</b>	<b>2,840</b>
<b>Transaction-based expenses:</b>				
Section 31 fees	61	74	214	226
Liquidity payments, routing and clearing	255	269	849	852
<b>Total revenues, less transaction-based expenses</b>	<b>574</b>	<b>559</b>	<b>1,785</b>	<b>1,762</b>
<b>Other operating expenses:</b>				
Compensation	150	145	465	457
Depreciation and amortization	64	64	188	196
Systems and communications	40	44	125	133
Professional services	63	76	199	218
Selling, general and administrative	55	59	167	185
Merger expenses and exit costs	24	18	54	61
<b>Total other operating expenses</b>	<b>396</b>	<b>406</b>	<b>1,198</b>	<b>1,250</b>
<b>Operating income</b>	<b>178</b>	<b>153</b>	<b>587</b>	<b>512</b>
Interest expense	(23)	(29)	78	88
Investment income	0	1	3	4
Loss from associates	(2)	(2)	(7)	(5)
Disposal Group, Not Discontinued Operation, Gain (Loss) on Disposal	5	0	15	(2)
Other income (loss)	0	1	5	4
<b>Income before income taxes</b>	<b>158</b>	<b>124</b>	<b>525</b>	<b>425</b>
<b>Income tax provision</b>	<b>24</b>	<b>(12)</b>	<b>34</b>	<b>91</b>
<b>Net income</b>	<b>182</b>	<b>112</b>	<b>491</b>	<b>334</b>
Net (income) loss attributable to noncontrolling interest	(4)	(4)	14	14
<b>Net income attributable to NYSE Euronext</b>	<b>\$ 178</b>	<b>\$ 108</b>	<b>\$ 477</b>	<b>\$ 320</b>

Income tax expense (benefit) is a DEBIT. This looks correct, but it is not.

Income tax provision	24	(12)	34
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**- Definition**  
The sum of the current income tax expense or benefit and the deferred income tax expense or benefit pertaining to continuing operations.

**+ References**

**- Details**  
Name: us-gAAP IncomeTaxExpenseBenefit  
Namespace Prefix: us-gAAP\_  
Data Type: xbrli:monetaryItemType  
Balance Type: debit  
Period Type: duration

When the XBRL instance was created, the value was entered as a NEGATIVE effectively change the amount to a CREDIT

```
<us-gaap:IncomeTaxExpenseBenefit id="Fact-55A1DDAA54F855D74120797D82619D12"
unitRef="usd" decimals="-6" contextRef="D2013Q3YTD">-34000000</us-
gaap:IncomeTaxExpenseBenefit>
```

And then the filer negated the presentation relation so that it shows up as a POSITIVE value in renderings:

Extended Link (1002000 - Statement - Condens	Abstract	False
Income Statement [Abstract]	SubstitutionGroup	xbri:item
Revenues	BalanceType	Debit
Transaction-based expenses:	PeriodType	Duration
Other operating expenses:	Niltable	True
Operating income	Fixed	
Interest expense	Documentation	
Investment income	References	(Collection - empty)
Loss from associates	Formula	
Disposal Group, Not Discontinued Opera	SelectedParentLink	IncomeStatementAbstract
Other income (loss)	NamespacePrefix	nyx
Income before income taxes	Role	Child to Parent
Income tax provision	PreferredLabelRole	negatedLabel
Net income	Order	11
Net (income) loss attributable to noncon	Prohibited	False
Net income attributable to NYSE Eurone:	Required	False
0.0 Basic earnings per share attributable to	Priority	0
0.0 Diluted earnings per share attributable t		

Whereas, if the filer entered this as a POSITIVE, the relation would have worked, no negated label would have needed to be created.

**Other issues**

This filer provided two line items for income tax expense (benefit), creating an extension concept to express part of the total, thus redefining the total:

[http://www.sec.gov/cgi-bin/viewer?action=view&cik=837490&accession\\_number=0001354488-12-003655&xbri\\_type=v#](http://www.sec.gov/cgi-bin/viewer?action=view&cik=837490&accession_number=0001354488-12-003655&xbri_type=v#)

Condensed Statements of Operations (Unaudited) (USD \$)	3 Months Ended		9 Months Ended	
	Jul. 31, 2011	Jul. 31, 2010	Jul. 31, 2011	Jul. 31, 2010
<b>Income Statement [Abstract]</b>				
Net Sales	\$ 86,819	\$ 67,115	\$ 238,707	\$ 224,743
Cost of Goods Sold	284	0	14,027	10,401
<b>GROSS PROFIT</b>	<b>86,535</b>	<b>67,115</b>	<b>224,680</b>	<b>214,342</b>
<b>Costs and Expenses</b>				
Research and development costs	40,564	70,262	127,788	203,667
Selling, general and administrative	63,913	38,284	188,218	145,521
Depreciation and Amortization	2,122	11,149	6,178	22,298
Total costs and expenses	106,599	119,695	322,184	371,486
Operating loss	(20,064)	(52,580)	(97,504)	(157,144)
<b>Other income (expense):</b>				
Other income	2,040	980	4,998	2,312
Interest expense	(1,248)	(1,248)	(3,744)	(3,744)
Total other income (expense)	792	(268)	1,254	(1,432)
Net loss before income tax provision	(19,272)	(52,848)	(96,250)	(158,576)
Provision for income taxes	0	0	0	0
Refundable tax credit	3,522	4,730	10,755	15,291
Net loss	\$ (15,750)	\$ (48,118)	\$ (85,495)	\$ (143,285)

Provision for income taxes	u	u	u
Refundable tax credit	3,522	4,730	10,755
			X \$ (85,495)
<b>- Definition</b>			
No authoritative reference available.			
<b>+ References</b>			
<b>- Details</b>			
<b>Name:</b>	MRPI_RefundableTaxCredit		
<b>Namespace Prefix:</b>	MRPI_		
<b>Data Type:</b>	xbri:monetaryItemType		
<b>Balance Type:</b>	debit		
<b>Period Type:</b>	duration		

[http://www.sec.gov/cgi-bin/viewer?action=view&cik=1402945&accession\\_number=0001213900-13-001559&xbri\\_type=v#](http://www.sec.gov/cgi-bin/viewer?action=view&cik=1402945&accession_number=0001213900-13-001559&xbri_type=v#)

Consolidated Statements of Operations (Unaudited) (USD \$)	3 Months Ended		9 Months Ended	
	Sep. 30, 2012	Sep. 30, 2011	Sep. 30, 2012	Sep. 30, 2011
<b>Statements Of Operations [Abstract]</b>				
Sales - net	\$ 2,532,257	\$ 1,937,985	\$ 7,502,263	\$ 5,707,894
Cost of sales	1,749,911	1,085,814	5,337,783	2,917,767
Gross profit	782,346	852,171	2,164,480	2,790,127
Selling, general and administrative expenses	1,099,529	946,117	2,708,990	2,920,008
Loss from operations	(317,183)	(93,946)	(544,510)	(129,881)
<b>Other income (expense)</b>				
Change in fair value of derivative liability	40,234		56,179	
Gain on AP and debt forgiveness			69,298	
Gain on forgiveness of accrued interest - former related party				12,585
Loss on sale of equipment		(2,671)		(2,671)
Interest expense	(127,181)	(1,426)	(213,575)	(13,997)
Total other expense	(86,947)	(4,097)	(88,098)	(4,083)
Loss before provision for income taxes	(404,130)	(98,043)	(632,608)	(133,964)
<b>Provision for income taxes</b>				
Current income tax benefit (expense)	26,482	25,795	45,259	(14,748)
Deferred income tax benefit (expense)	55,115	(29,601)	79,308	(50,002)
<b>Total income tax benefit (expense)</b>	<b>81,597</b>	<b>(3,806)</b>	<b>124,567</b>	<b>(64,750)</b>
Net loss	\$ (322,533)	\$ (101,849)	\$ (508,041)	\$ (198,714)

The filer line item "Total income tax benefit (expense) is a benefit, which is a CREDIT.

Total income tax benefit (expense)	81,597	(3,806)	124,567
			X (508,041)
<b>- Definition</b>			
The sum of the current income tax expense or benefit and the deferred income tax expense or benefit pertaining to continuing operations.			\$ (0.01)
<b>+ References</b>			
			132,251
<b>- Details</b>			
Name:	us-gaap_IncomeTaxExpenseBenefit		
Namespace Prefix:	us-gaap_		
Data Type:	xbrli:monetaryItemType		
Balance Type:	debit		
Period Type:	duration		

However, the filer entered this as a POSITIVE number (DEBIT).

```
<us-gaap:IncomeTaxExpenseBenefit contextRef="Context_9ME_30-Sep-2012" decimals="0" unitRef="USD" >124567</us-gaap:IncomeTaxExpenseBenefit>
```

Therefore this filing does not conform to this test.

This economic entity used a concept intended for the cash flow statement, us-gAAP:IncomeTaxesPaid, on the income statement:

[http://www.sec.gov/cgi-bin/viewer?action=view&cik=1350773&accession\\_number=0001213900-14-005936&xbrl\\_type=v#](http://www.sec.gov/cgi-bin/viewer?action=view&cik=1350773&accession_number=0001213900-14-005936&xbrl_type=v#)

Condensed Consolidated Statements of Operations (Unaudited) (USD \$) In Thousands, except Share data, unless otherwise specified	3 Months Ended		6 Months Ended	
	Jun. 30, 2014	Jun. 30, 2013	Jun. 30, 2014	Jun. 30, 2013
<b>Statements of Operations [Abstract]</b>				
Revenue	\$ 5,230	\$ 5,519	\$ 12,175	\$ 10,428
Cost of revenue	4,394	3,783	10,059	7,382
Gross Profit	836	1,736	2,116	3,046
<b>Operating expenses</b>				
Employee expenses	2,453	1,001	4,690	2,016
Related party expenses		69		154
Other operating expenses	1,549	324	3,005	519
Depreciation and amortization	115	81	225	237
Total operating expenses	4,117	1,475	7,920	2,926
Operating income (loss)	(3,281)	261	(5,804)	120
Interest Expense	(69)		(156)	
Income (loss) before income taxes	(3,350)	261	(5,960)	120
Income taxes	15		16	
Net income (loss)	\$ (3,365)	\$ 261	\$ (5,976)	\$ 120

Income taxes	15	16
		(5,976)
- Definition	The amount of cash paid during the current period to foreign, federal, state, and local authorities as taxes on income.	
+ References		
- Details		
Name:	us-gAAP_IncomeTaxesPaid	
Namespace Prefix:	us-gAAP_	
Data Type:	xbrli:monetaryItemType	
Balance Type:	credit	
Period Type:	duration	

A handful of reporting entities made this mistake.

This filer reported the line item "Total other income (expense) represented by the concept *us-gaap:NonoperatingIncomeExpense* after tax. This is the only entity I have run across which does this. This seems like an accounting error. Consider the income statement of this report:

[http://www.sec.gov/cgi-bin/viewer?action=view&cik=1467560&accession\\_number=0001477932-11-001651&xbri\\_type=v#](http://www.sec.gov/cgi-bin/viewer?action=view&cik=1467560&accession_number=0001477932-11-001651&xbri_type=v#)

Statements of Operations (Unaudited) (USD \$)	3 Months Ended		6 Months Ended		30 Months Ended
	Jun. 30, 2011	Jun. 30, 2010	Jun. 30, 2011	Jun. 30, 2010	Jun. 30, 2011
<b>Income Statement [Abstract]</b>					
Revenue					
Total Revenue					
<b>Operating Expenses:</b>					
Legal, audit and other general & administrative	2,322	1,250	3,700	2,250	29,053
Miscellaneous Expenses	898	549	898	760	
Total Expenses:	3,220	1,799	4,598	3,010	29,053
Income ( Loss) before income taxes	(3,220)	(1,799)	(4,598)	(3,010)	(29,053)
<b>Other income ( expense)</b>					
Interest expense	(371)	(303)	(738)	(549)	(1,986)
Total other income ( expense)	(371)	(2,102)	(738)	(549)	(1,986)
Provision for income taxes					
Net Income ( Loss)	\$ (3,591)	\$ (2,102)	\$ (5,336)	\$ (3,559)	\$ (31,039)

Total other income ( expense)	(371)	(2,102)	(738)
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**- Definition**  
The aggregate amount of income or expense from ancillary business-related activities (that is to say, excluding major activities considered part of the normal operations of the business).

**+ References**

**- Details**  
**Name:** us-gaap\_NonoperatingIncomeExpense  
**Namespace Prefix:** us-gaap  
**Data Type:** xbrli:monetaryItemType  
**Balance Type:** credit  
**Period Type:** duration