

Accounting Roundup.

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FASB Developments

Final Interpretation on Accounting for Uncertainty in Income Taxes

The FASB's objective in issuing this [Interpretation](#)¹ is to increase comparability in financial reporting of income taxes. Although the validity of an enterprise's tax position is a matter of tax law, there are cases when the law is subject to significant and varied interpretation. As a result, an enterprise may be uncertain as to whether a tax position would ultimately be sustained as filed in its tax return. FASB Statement No. 109, *Accounting for Income Taxes*, does not provide specific guidance on how such uncertainties should be reflected in an enterprise's financial statements. This lack of guidance has resulted in diversity in how enterprises recognize, derecognize, and measure potential tax benefits associated with tax positions.

Example

An enterprise reports a \$100 expense in its tax return that reduces its taxable income and therefore results in a potential \$40 tax benefit. The enterprise is uncertain as to whether it is permitted, under the tax law, to reduce its current taxable income by the \$100 expense. The Interpretation addresses how to account for the benefit resulting from the tax position taken — specifically, (1) what criteria should be met before a tax benefit is recognized in the financial statements, and (2) how much of a benefit should be recognized.

The Interpretation applies to all tax positions that are within the scope of Statement 109 and retains the two-step approach for recognizing and measuring tax benefits defined in the original Exposure Draft. In Step 1, the Interpretation establishes a **“more-likely-than-not”** recognition threshold that must be met before a tax benefit can be recognized in the financial statements. To meet this threshold, the enterprise must determine that upon examination by the taxing authority, the tax position is more likely to be sustained than not, based on the technical merits of the position. Once the recognition threshold has been met, enterprises will move to Step 2. In Step 2, enterprises are required to recognize the largest amount of tax benefit that is **greater than 50 percent likely** of being realized upon ultimate settlement with the taxing authority. In both steps, enterprises must presume that the taxing authority has full knowledge of all relevant information.

¹ FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes* — an interpretation of FASB Statement No. 109.

The Interpretation also requires enterprises to make explicit disclosures at the end of each reporting period about uncertainties in their income tax positions, including a detailed rollforward of tax benefits taken that do not qualify for financial statement recognition.

The Interpretation is effective for fiscal years beginning after December 15, 2006, and should be applied to all tax positions upon initial adoption. The cumulative effect of applying the provisions of the Interpretation should be reported as an adjustment to the opening balance of retained earnings for that fiscal year. Earlier adoption is permitted as of the beginning of an enterprise's fiscal year, provided the enterprise has not yet issued financial statements, including interim period financial statements, for that fiscal year.

A [press release](#) announcing the final Interpretation can be found on the FASB's Web site. Also see Deloitte & Touche's [Heads Up](#) on the final Interpretation for further information.

Final FASB Staff Position on Accounting for a Change in Income Tax Cash Flows Generated by a Leveraged Lease Transaction

The [FSP²](#) gives guidance on a change or projected change in the timing of income tax cash flows relating to a leveraged lease as a result of a settlement with the IRS. Such a change shall result in a **recalculation, at inception, of the lease rate of return and the allocation of income to positive investment years.**³ The accounts constituting the net investment balance should be adjusted to conform to the recalculated balances, and the change in the net investment shall be recognized as a gain or loss. The FSP applies only to changes or projected changes in the timing of income taxes that are directly related to the leveraged lease transaction and shall be applied to fiscal years beginning after December 15, 2006. Earlier application is permitted as of the beginning of an entity's fiscal year, provided that the entity has not yet issued financial statements, including any interim financial statements, for that fiscal year.

Only tax positions that meet the more-likely-than-not recognition threshold at the date of adoption of this FSP shall be reflected in the financial statements. In addition, all recognized tax positions in a leveraged lease must be measured in accordance with Interpretation 48⁴ at the date of adoption of this FSP. If, at the date of adoption, the application of Interpretation 48 causes a change in the recognition or measurement of the tax position, that change shall be considered a change of an important assumption as of the date of adoption of the FSP. The cumulative effect of applying the provisions of this FSP shall be reported as an adjustment to the beginning balance of retained earnings as of the beginning of the period in which this FSP is adopted.

FASB Issues Preliminary Views on Conceptual Framework Joint Project With IASB

The FASB issued a [press release](#) with an invitation to comment on the Preliminary Views of the "Conceptual Framework for Financial Reporting: Objective of Financial Reporting and Qualitative Characteristics of Decision-Useful Financial Reporting Information." The [Preliminary Views document](#) is the first document on an enhanced conceptual framework emanating from the joint effort with the IASB. The document presents the Boards' views on the first two chapters of the conceptual framework. The Boards believe that a common conceptual framework will **improve the foundation and concepts that underlie global financial reporting** and serve as a more effective guide in developing global financial reporting standards.

The FASB and IASB invite comments on their preliminary views by November 3, 2006. After considering those responses, the boards plan to publish an exposure draft in 2007.

² FASB Staff Position No. FAS 13-2, "Accounting for a Change or Projected Change in the Timing of Cash Flows Relating to Income Taxes Generated by a Leveraged Lease Transaction."

³ Consistent with the guidance in paragraph 46 of Statement 13, *Accounting for Leases*.

⁴ FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes* — an interpretation of FASB Statement No. 109.

FASB Issues Proposed FSP for Technical Corrections to Statement 123(R)

The FASB has issued a [proposed FSP](#)⁵ to make technical corrections to Statement No. 123(R).⁶ The proposed FSP amends certain paragraphs in order to:

- **Exempt nonpublic entities** from disclosing the aggregated intrinsic value of outstanding fully vested share options (or share units) and share options expected to vest.
- Revise certain illustrative examples to ensure they comply with Statement 123(R).

The provisions of the FSP would be applied in the first reporting period beginning after the date the final FSP is posted to the FASB's Web site. If an entity did not initially apply Statement 123(R) in a manner consistent with the provisions of the FSP, that entity would be required to retrospectively apply the FSP to prior periods when those periods' financial statements are included with current period financial statements. Earlier application is permitted in periods for which financial statements have not yet been issued. Comments are due on September 2, 2006.

Changes to the Green Book, Accounting for Derivative Instruments and Hedging Activities

In February 2004, the FASB issued a publication, *Accounting for Derivative Instruments and Hedging Activities*, also known as the "Green Book." The Green Book **integrates all the statements related to derivative issues**, as well as Statement 133 Implementation Issues discussed by the Derivatives Implementation Group (DIG) and cleared by the FASB prior to February 10, 2004. Recently, the FASB posted changes to the Green Book as a result of amendments to Statement 133 and newly issued or revised cleared DIG Issues posted subsequent to February, 2004. These [changes](#) can be found on the FASB's Web site.

Lease Project Added to FASB Agenda

As a result of consultation with many of its constituents, the FASB has formally added to its agenda a project to reconsider the current accounting standards for leases. The project will be a joint effort with the IASB and seeks to insure that investors and other users of financial statements are provided useful, transparent, and complete information about leasing transactions in the financial statements. The goal is to **transform the rule-based standards to develop principles that would faithfully represent lease transactions in the financial statements of both lessees and lessors.**

As a first step for the project, the Boards plan to issue a joint discussion paper for public comment in 2008. In preparation for release of this paper, the Boards will form an international working group based on nominations sent to either the IASB or FASB Project Manager. The [contact information](#), which can be found on the FASB's Web site, also includes a description of what should be submitted with the nominations. Nominations should be submitted by September 30, 2006, and the first working group meeting will be scheduled for January 2007, in London.

GASB Developments

New Q&A on Qualifying OPEB Plan Trusts and Fiduciary Responsibilities

During its July meeting, the GASB issued a Q&A intended to provide **implementation guidance regarding qualifying OPEB** (other postemployment benefit) **plan trusts** and the responsibilities of those who play a significant role in the functions of an OPEB plan that includes such a trust, for purposes of accounting and financial reporting in accordance with the requirements of Statements 43⁷ and 45.⁸ Because many governments are implementing the OPEB standards, the GASB released the [Q&A](#) ahead of schedule. The Q&A will be included in the *Comprehensive Implementation Guide — 2006*, which is expected to be published shortly.

⁵ Proposed FASB Staff Position No. FAS 123(R)-f, "Technical Corrections of FASB Statement No. 123(R)."

⁶ FASB Statement No. 123(R), *Share-Based Payment*.

⁷ GASB Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*.

⁸ GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*.

AICPA Developments

AICPA Issues Exposure Draft on SSAE Hierarchy for Auditors of Nonissuers

The AICPA Auditing Standards Board (ASB) issued an [Exposure Draft](#) on July 25, 2006, of a proposed Statement on Standards for Nonissuer Attestation Engagements, *SSAE Hierarchy*. By establishing a hierarchy for publications, the proposed SSAE addresses the uncertainty that may exist relating to **which publications a practitioner must comply with and consider when performing an attest engagement**. The proposed SSAE:

- Identifies the body of attest literature.
- Clarifies the authority of attest publications issued by the AICPA and others.
- Specifies which attest publications the practitioner (1) must comply with and (2) should be aware of when conducting an attest engagement.
- Amends the 11 attestation standards to conform them to the use of terms established in SSAE No. 13.⁹

The [executive summary](#) of the SSAE Hierarchy Exposure Draft is available on the AICPA's Web site, along with contact information for comments. Comments on the Exposure Draft are due September 15, 2006, and the proposed statement is effective when the subject matter or assertion is as of, or for, the period ending on or after December 15, 2006.

AICPA Issues Omnibus — 2006 Exposure Draft for Auditors of Nonissuers

On July 25, 2006, the ASB issued an [Exposure Draft](#) of a proposed Statement on Auditing Standards, *Omnibus — 2006*. From time to time amendments need to be made to standards in order to **update the verbiage to conform to other standards that have been issued**. Therefore, the ASB issued the proposed omnibus statement in an Exposure Draft that would amend:

- Certain general and reporting standards in SAS 95¹⁰ to reflect the terms and definitions established by SAS 102¹¹ and makes conforming changes to other SASs that quote those standards, including SAS 1,¹² 26,¹³ 32,¹⁴ and 58.¹⁵
- SAS 39,¹⁶ to conform to the amendment made in SAS 105¹⁷ Generally Accepted Auditing Standards, and to change evidential matter to audit evidence.
- SAS 99¹⁸ to provide a clear link between the auditor's consideration of fraud and the auditor's assessment of risk in SAS 109¹⁹ and the auditor's procedures in response to those assessed risks in SAS 110.²⁰

⁹ Statement on Standards for Attestation Engagements No. 13, *Defining Professional Requirements in Statements on Standards for Attestation Engagements*.

¹⁰ AICPA Statement on Auditing Standards No. 95 (AU Section 150), *Generally Accepted Auditing Standards*.

¹¹ AICPA Statement on Auditing Standards No. 102 (AU Section 120), *Defining Professional Requirements in Auditing Standards*.

¹² AICPA Statement on Auditing Standards No. 1 (AU Section 560), *Subsequent Events*.

¹³ AICPA Statement on Auditing Standards No. 26 (AU Section 504), *Association With Financial Statements*.

¹⁴ AICPA Statement on Auditing Standards No. 32 (AU Section 431), *Adequacy of Disclosure in Financial Statements*.

¹⁵ AICPA Statement on Auditing Standards No. 58 (AU Section 508), *Reports on Audited Financial Statements*.

¹⁶ AICPA Statement on Auditing Standards No. 39 (AU Section 350), *Audit Sampling*.

¹⁷ AICPA Statement on Auditing Standards No. 105, Amendment to Statement on Auditing Standards No. 95, *Generally Accepted Auditing Standards*.

¹⁸ AICPA Statement on Auditing Standards No. 99 (AU Section 316), *Consideration of Fraud in a Financial Statement Audit*.

¹⁹ AICPA Statement on Auditing Standards No. 109, *Understanding the Entity and Its Environment and Assessing the Risks of Material Misstatement*.

²⁰ AICPA Statement on Auditing Standards No. 110, *Performing Audit Procedures in Response to Assessed Risks and Evaluating the Audit Evidence Obtained*.

- Certain SASs (1, 57,²¹ 59,²² 85,²³ and 101²⁴) that refer to the “completion of fieldwork” as the date of the auditor’s report to conform to changes made in SAS 103.²⁵ SAS 103 requires that the auditor’s report not be dated prior to the date on which the auditor has obtained sufficient appropriate audit evidence; the omnibus amends the SASs mentioned above for both the dating of the auditor’s report and management representation letters.

The [executive summary](#) of the *Omnibus — 2006* Exposure Draft is available on the AICPA’s Web site, along with the contact information for comments. Comments are due September 15, 2006, and certain parts of the proposed statement (namely, the amendments in paragraphs 1–16) are effective for audits of financial statements for periods **beginning** on or after December 15, 2006. The remaining paragraphs (18–25) of the proposed statement are effective for audits of financial statements for periods **ending** on or after December 15, 2006. Earlier application is permitted for the entire proposed statement.

AICPA Issues Exposure Draft on Quality Control Standards for CPA Firms

On July 28, 2006, the ASB issued an [Exposure Draft](#) of a proposed Statement on Quality Control Standards (SQCS), *A Firm’s System of Quality Control*. The proposed Statement replaces all existing SQCSs and deals comprehensively with a CPA firm’s responsibilities in the areas of **quality control** in performing attest engagements, including **audits, reviews, and compilations**. Among other things, the proposed SQCS:

- Defines certain terms such as “engagement quality control review” (also known as concurring review), “unconditional requirements,” and “presumptively mandatory requirements,” which are used throughout the SQCS.
- Requires a firm to establish criteria for determining the engagements that are subject to a concurring review, as well as list what such a review should include, such as:
 - A review of the financial statement or other subject matter information, including the report, and, in particular, a consideration of whether the report is appropriate;
 - A discussion with the practitioner in charge; and/or
 - A review of working papers that support conclusions reached related to accounting judgments and estimates.
- Requires a firm to document its control policy and procedure and state that its quality control procedures address the following elements:
 - Leadership responsibilities for quality within the firm (tone at the top).
 - Independence, integrity, objectivity, and other legal and ethical requirements.
 - Acceptance and continuance of client relationships and specific engagements.
 - Human resources (formerly Personnel Management).
 - Engagement performance and engagement documentation.
 - Monitoring.

The [executive summary](#), which includes further detail about the requirements of the SQCS Exposure Draft, is available on the AICPA’s Web site, along with the contact information for comments. Comments on the Exposure Draft are due September 30, 2006, and the proposed statement is expected to be effective as of June 30, 2008.

²¹ AICPA Statement on Auditing Standards No. 57 (AU Section 342), *Auditing Accounting Estimates*.

²² AICPA Statement on Auditing Standards No. 59 (AU Section 341), *The Auditor’s Consideration of an Entity’s Ability to Continue as a Going Concern*, as amended.

²³ AICPA Statement on Auditing Standards No. 85 (AU Section 333), *Management Representations*.

²⁴ AICPA Statement on Auditing Standards No. 101 (AU Section 328), *Auditing Fair Value Measurements and Disclosures*.

²⁵ AICPA Statement on Auditing Standards No. 103, *Audit Documentation*.

Practice Aid on Auditing Alternative Investments

Certain not-for-profit organizations, healthcare entities, pension plans, and investment companies have increased their investment in financial instruments that do not have a readily determinable market value. Such investments (e.g., hedge funds, private equity funds, real estate funds, etc.) are known as alternative investments and are subject to fair value accounting. The investments expose investment portfolios to greater risk and volatility, and inherently increase the risk of misstatement. As a result, the Audit Issues Task Force of the ASB established the Alternative Investments Task Force. The Task Force has developed and issued a non-authoritative practice aid to **assist auditors in auditing alternative investments**. The practice aid includes guidance on:

- General considerations pertaining to auditing alternative investments.
- Addressing management's financial statement existence and valuation assertions.
- Management representations.
- Disclosure of certain significant risks and uncertainties.
- Reporting.
- Confirmation for alternative investments.
- Due diligence, ongoing monitoring and financial reporting controls.

The [practice aid](#) and auditing interpretations [AU Sections 9328](#)²⁶ and [9332](#)²⁷ can be viewed on the AICPA's Web site.

SEC Developments

SEC Adopts Changes to Executive Compensation Disclosures

On July 26, 2006, the SEC voted to adopt changes to existing disclosure requirements regarding executive and director compensation, related person transactions, director independence and other corporate governance matters, and security of ownership of officers and directors.

SEC Chairman Christopher Cox announced the adoption of the new rules in his opening remarks at an SEC meeting, stating that the SEC received over 20,000 comments regarding the proposed changes and that no other issue in the Commission's history has generated so much interest.

The adopted rules will apply to all companies registered with the SEC and, among other requirements, will refine and improve the currently required disclosure to elicit clearer and more complete disclosure of the compensation of the principal executive officer, principal financial officer, and the three other highest paid executive officers and the directors. The rules, effective December 15, 2006, will require most disclosures to be provided in plain English and will primarily affect the disclosures made in **proxy statements, annual reports, and registration statements**.

A [press release](#) providing a summary of the adopted rules can be found on the SEC's Web site. The final rule is expected to be posted there shortly.

The SEC also is expected to issue a new proposal with revised provisions related to the disclosures of compensation of certain additional non-executive employees. The revised proposal will include provisions that would limit the disclosures to large accelerated filers and limit the pool of employees that could be considered for disclosure to those that are responsible for significant policy decisions at (1) the parent company or (2) a significant subsidiary or principal business, unit, division, or function. The revised proposed rules are expected to be available soon on the SEC's Web site.

²⁶ AICPA *Professional Standards*, AU Section 9328, "Auditing Fair Value Measurements and Disclosures: Auditing Interpretations of Section 328."

²⁷ AICPA *Professional Standards*, AU Section 9332, "Auditing Derivative Instruments, Hedging Activities, and Investments in Securities: Auditing Interpretations of Section 332."

Concept Release on Section 404 Improvements

The SEC published a [Concept Release](#)²⁸ requesting feedback from constituents on what additional guidance, if any, is needed to assist management in the evaluation and assessment of internal control over financial reporting required by Section 404 of the Sarbanes-Oxley Act of 2002. The Concept Release was issued as a result of the May 10, 2006, roundtable with the PCAOB on Second-Year Experiences With Internal Control Provisions.

In an effort to improve the guidance of Section 404, the Concept Release **requests specific feedback both on past practices and on what additional guidance**, if any, is needed. The broad areas on which comments are requested include:

- The extent of public interest in the development of additional guidance for management regarding its evaluation and assessment of internal control over financial reporting.
- Risk and control identification, including how management should determine the overall objectives for internal control over financial reporting and identify the related risks.
- Management's evaluation procedures, including methods or approaches available to management to gather evidence to support its assessment, and factors that management should consider in determining the nature, timing, and extent of its evaluation procedures.
- Documentation requirements, including the appropriate and required levels of documentation to support management's assertion on the effectiveness of internal controls.

Comments are due September 18, 2006. For more information, a [press release](#) announcing the Concept Release can be found on the SEC's Web site.

Highlights of AICPA SEC Regulations Committee Joint Meeting With the SEC Staff — June 20, 2006

The AICPA SEC Regulations Committee ("Regulations Committee") meets three times per year with the SEC staff to discuss emerging technical accounting and reporting issues relating to SEC rules and regulations.

During the June Regulations Committee meeting, the SEC staff provided the following updates regarding ongoing projects and final rule releases:

- The timing of the Staff Accounting Bulletin related to materiality guidance is still uncertain.
- An update of the Division of Corporation Finance Accounting Disclosure Rules and Practices Training Manual is still in process.
- In the summer of 2006, final rule releases are expected related to the following:
 - Executive compensation and related party disclosures.
 - Amendments to the tender offer best-price rules.
 - Internet availability of proxy materials.

The SEC staff also made announcements related to the following topics:

- Potential guidance on Interpretation of Issue 03-9.²⁹
- Disclosure requirements under Statement 131.³⁰
- FAQs for foreign private issuers (FPIs) related to Section 404 of the Sarbanes-Oxley Act of 2002.
- Concept Release on guidance for management related to Section 404 of the Sarbanes-Oxley Act of 2002; revision to PCAOB Auditing Standard;³¹ and extension for nonaccelerated filers to comply with Section 404 of the Sarbanes-Oxley Act of 2002.

²⁸ SEC Concept Release Concerning Management's Reports On Internal Control Over Financial Reporting.

²⁹ EITF Issue No. 03-9, "Determination of the Useful Life of Renewable Intangible Assets Under FASB Statement No. 142."

³⁰ FASB Statement No. 131, *Disclosures About Segments of an Enterprise and Related Information*.

³¹ PCAOB Auditing Standard No. 2, *An Audit of Internal Control Over Financial Reporting Performed in Conjunction With an Audit of Financial Statements*.

The staff also discussed the following issues:

- Whether parent company financial information is required when the registrant has a consolidated shareholders' deficit.
- Determining whether financial statements of a significant equity method investee are required in the year in which the investee is disposed.
- Applying the significance test of SEC Regulation S-X, Rules 3-05 and 3-09, when the registrant is a successor to a predecessor company.
- Determining whether a guarantor parent is required to provide separate financial statements of its subsidiary when the subsidiary files a Form 15.
- Statement 123(R) disclosures in interim periods during the year of adoption. (Note this issue is not limited to Statement 123(R).)
- Financial information required in registration statements that include retrospective accounting changes.
- Pro forma financial information required in registration statements upon adoption of Statement 123(R) using the modified prospective transition method.
- Treatment in pre-adoption pro forma income statement of options given to employees of a target in a business combination after the acquirer has adopted Statement 123(R).

See Deloitte's [SEC Alert 06-1](#) for further information on the announcements made by the SEC staff at the meeting.

SEC Issues Interpretive Release on Use of Client Commissions for Brokerage and Research Services

The [Interpretative Release](#)³² clarifies that money managers may use client commissions only for eligible brokerage and research services, which are limited to **advice, analyses, and reports** under Section 28(e) of the Securities and Exchange Act of 1934. The Interpretative Release outlines a three-step process required when analyzing the eligibility of brokerage and research services under Section 28(e). The steps include an analysis of:

- The application of the eligibility requirements,
- The money manager's lawful and appropriate use of the items, and
- The money manager's good-faith determination that the commissions paid are reasonable in light of the value of the services received.

Some examples of items that may or may not be eligible under Section 28(e) include:

Items Eligible Under Section 28(e)	Items Not Eligible Under Section 28(e)
Traditional research reports.	Computer hardware.
Market data.	Mass-marketed publications.
Products and services that relate to the execution of the trade from the point at which the money manager communicates with the broker-dealer for the purpose of transmitting an order for execution, through the point at which funds or securities are delivered or credited to the advised account.	Products and services for which commissions paid are not reasonable in relation to the value of the brokerage and research services received.

³² SEC Interpretative Release, *Commission Guidance Regarding Client Commission Practices Under Section 28(e) of the Securities Exchange Act of 1934*.

The effective date of the Interpretative Release was July 24, 2006; however, market participants will be able to rely on prior SEC guidance for six months following publication. Additionally, the SEC is soliciting further comments on client commission arrangements under Section 28(e), which are due on September 7, 2006. A [press release](#) announcing the issuance of the Interpretative Release can be found on the SEC's Web site.

PCAOB Developments

PCAOB Issues Practice Alert on Stock Option Grants

The PCAOB recently issued its first Staff Audit Practice Alert (APA), [Matters Related to Timing and Accounting for Option Grants](#). APAs were developed to highlight new, emerging, or otherwise noteworthy circumstances that may affect the conduct of audits under the **existing** requirements of PCAOB standards and relevant laws.

The APA focuses on so-called *discount* or in-the-money options (i.e., the strike price is below the market price on the measurement date). These are more valuable than typical options that, at the measurement date, have a zero *intrinsic value* (a technical option term meaning the excess of the current market price over the exercise price). At issue are situations when an issuer fails to properly consider the impact of the discount on the original accounting.

The APA points to a range of practices, not all-inclusive, that could result in discounting:

1. Plan provisions that allow for the selection of exercise prices based on prices earlier than the grant date,
2. Plan provisions that provide for an exercise price equal to the lower of the market price on the "grant" date or during a specified period of time after the grant date,
3. Preparation or subsequent modification of option documentation intended to indicate a lower exercise price than the market price on the actual grant date, or
4. Treating a date as a grant date when all of the prerequisites to a grant had not occurred.

In addition, the APA warns that auditors planning or performing an audit should be alert to the risk that the issuer may not have properly accounted for stock option grants and perform appropriate procedures in response to the identified risks. For current and future audits, the auditor needs to acquire sufficient information to permit an assessment of the nature and potential magnitude of these risks. For example, *where appropriate*, the auditor's considerations should include patterns of transactions or conditions that might indicate higher levels of inherent risk. Such patterns or conditions may include a high level of stock-option-based compensation, highly variable grant dates, patterns of significant increases in stock prices following option grants, and high levels of stock price volatility. The APA also addresses auditor involvement in registration statements and the effects of option-related matters on previous opinions. Furthermore, the APA refers to other appropriate audit and related guidance that should be considered.

A [press release](#) announcing the APA can be found on the PCAOB's Web site. For further discussion on the APA and specific examples of its applicability, see Deloitte and Touche's [Heads Up](#), issued August 1, 2006.

International Developments

IFRIC Interpretation on Interim Financial Reporting and Impairment

The IFRIC issued an Interpretation³³ to address the potential conflict between requirements of IAS 34³⁴ and the requirements for recording impairment losses on goodwill in IAS 36³⁵ and certain financial assets in IAS 39.³⁶ IAS 34 requires that entities assess goodwill for impairment at each reporting date and assess investments in equity instruments and financial assets carried at cost for impairment at every balance sheet date. Based on the results of those assessments, certain impairment losses may be required in accordance with IAS 36 and IAS 39.

³³ IFRIC Interpretation 10, *Interim Financial Reporting and Impairment*.

³⁴ IAS 34, *Interim Financial Reporting*.

³⁵ IAS 36, *Impairment of Assets*.

³⁶ IAS 39, *Financial Instruments: Recognition and Measurement*.

IAS 34 also states that the frequency of an entity's reporting shall not affect the measurement of its annual results. Because these assessments should be performed at each reporting or balance sheet date, the results of the assessments in subsequent periods may indicate that an impairment loss previously recorded would not have existed if assessment had only occurred at the subsequent period. The question then becomes whether this impairment loss should be reversed at the subsequent period as IAS 34 suggests. Interpretation 10 states that **"an entity shall not reverse an impairment loss recognised in a previous interim period in respect of goodwill or an investment in either an equity instrument or a financial asset carried at cost."** The requirements of the Interpretation shall be applied prospectively for annual periods beginning on or after November 1, 2006. Earlier application is encouraged, and disclosure of that fact is required.

The interpretation is available to subscribers of the IASB's Comprehensive Subscription Service. To subscribe, visit the [IASCF Shop](#). A [press release](#) announcing the interpretation can be found on the IASB's Web site.

Application of New IFRSs Not Effective Until 2009

To provide stability to an increasingly active IFRS environment, the IASB announced in a press release that it will take steps to assist those involved with the implementation of IFRSs around the world. These steps include:

- Increased lead time to prepare for new standards. The IASB will allow a minimum of one year between the date of the publication and the required implementation date of wholly new IFRSs or major amendments to existing IFRSs.
- Increased opportunity for input on conceptual issues. Discussion papers will be published prior to exposure drafts on the individual sections of the Conceptual Framework project, as well as the next step of the Fair Value Measurement project. This will allow for at least two opportunities for public comment.
- Public roundtables on two key topics:
 1. Proposed amendments to the recognition and measurement principles in IAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, to be held in November and December of 2006.
 2. Measurement phase of the Conceptual Framework to focus on the range of possible measurement attributes, including cost and fair value. This round-table is expected to be held in the first quarter of 2007.

In addition, the IASB announced that it **will not require the application of new IFRSs under development or major amendments to existing standards before January 1, 2009**. However, this announcement does not preclude the issuance of new standards, or their early adoption should a company choose that course. Also, interpretations and minor amendments as a result of implementation issues are not subject to this timeline. The 2009 implementation date will, however, apply to all major IASB projects. The [press release](#) can be found on the IASB's Web site.

Other Developments

Request for Comments on Proposed Changes to Yellow Book Auditing Standards

The United States Government Accountability Office (GAO) issued an [Exposure Draft](#)³⁷ detailing proposed changes to *Government Auditing Standards* (GAGAS), which is commonly referred to as the "Yellow Book." The overall focus of the proposed changes includes an increased emphasis on audit quality and ethics as well as an extensive update of the performance audit standards to include a specified level of assurance within the context of risk and materiality. Comments are due August 15, 2006.

³⁷ United States Government Accountability Office Exposure Draft — *Government Auditing Standards, 2006 Revision*.

COSO Issues Guidance on Internal Control Over Financial Reporting for Small Public Companies

The Committee of Sponsoring Organizations of the Treadway Commission (COSO) has issued [*Internal Control Over Financial Reporting — Guidance for Smaller Public Companies*](#). The guidance does not replace or modify COSO's 1992 *Internal Control — Integrated Framework*, which has served as the internal control framework for many organizations' implementation of Section 404 of the Sarbanes-Oxley Act of 2002 and the PCAOB's Auditing Standard No. 2, but **provides guidance regarding the application of the framework for smaller public companies**. The guidance is divided into the following three volumes:

- An executive summary;
- An overview of internal control over financial reporting in smaller businesses, including descriptions of company characteristics and how they affect internal control, challenges smaller businesses face, and how management can use the framework; and
- Illustrative tools to assist management in evaluating internal control.

An [executive summary](#), a [frequently asked questions](#) document on the guidance, and a [press release](#) announcing the issuance of the guidance can be found on the AICPA's Web site.

Appendix A: Recent Meetings

Recent FASB Meetings

To jump to the minutes of a FASB meeting, click a title below.

Business Combinations (July 19)

In its redeliberations of the June 2005 Exposure Draft, *Business Combinations*, the Board supported the following principles and related guidance for assessing whether a business combination includes any transactions that are separate from the acquisition of the assets and liabilities of the acquiree:

- Only the consideration transferred and the assets acquired or liabilities assumed that make up the acquiree should be accounted for using the acquisition method. Other substantively separate transactions should be assessed by the acquirer and accounted for separately in accordance with other IFRS or U.S. GAAP.
- If the acquirer arranges or initiates a transaction primarily for the economic benefit of the acquirer or the combined entity (as opposed to the benefit of the acquiree or former owners), the transaction is substantively separate from a business combination.
- To determine whether a transaction or event was initiated primarily for the economic benefit of the acquirer or combined entity, rather than for the acquiree, the acquirer should consider (1) the reasons for the transaction or event, (2) who initiated it, and (3) its timing.

In addition, the Board instructed the staff to continue to clarify and improve the principles and guidance as the final Statement is being drafted. Also, the Board affirmed the following:

- Restructuring or exit costs should be recognized by the acquirer as liabilities only if those costs meet the recognition criteria in Statement 146³⁸ and they are deemed a liability of the acquiree assumed as part of the business combination. Costs that do not meet that criteria or that arise from transactions or events substantively separate from the business combination should be recognized separately when incurred in the postcombination period.
- Fair value of equity instruments issued as consideration in a business combination should be measured at the acquisition date.

Derivative Disclosures (July 19)

The Board agreed that the derivative disclosure objectives are to provide:

1. An understanding of how and why an entity uses derivatives.
2. An understanding of how derivatives and related hedged items are accounted for.
3. Transparency into the overall impact of derivatives on an entity's financial position, results of operations, and cash flows.

The Board also decided to:

1. Modify the requirements of paragraph 44 of Statement 133³⁹ to include a discussion of objectives and strategies for using derivatives by primary underlying (i.e., interest rate, foreign currency, etc.).
2. Require disclosure of the existence and nature of payment acceleration clauses in derivative agreements, and of their aggregate fair value and required additional collateral.
3. Include within Statement 133 specific disclosures related to counterparty credit risk that are similar to those included in paragraph 15A of Statement 107⁴⁰ and require disclosure of the aggregate fair value of uncollateralized derivative exposure.

³⁸ FASB Statement No. 146, *Accounting for Costs Associated With Exit or Disposal Activities*.

³⁹ FASB Statement No. 133, *Accounting for Derivative Instruments and Hedging Activities*.

⁴⁰ FASB Statement No. 107, *Disclosures About Fair Value of Financial Instruments*.

4. Require disclosure of where and in what amount derivatives and related gains and losses are reported in the balance sheet and income statement, respectively. Disclosure should be by major underlying, accounting designation, and purpose.
5. Require disclosure of the notional amount and fair value of derivatives by underlying, accounting designation, and purpose. Require in a summary table instances in which derivative agreements contain leverage factors and the estimated magnitude of those factors.
6. Require cross-referencing to other footnotes in which derivative information is disclosed.

Fair Value Measurements (June 28)

The Board agreed to add a project to issue an FSP to address the diversity in practice that has arisen with respect to the use of entity-specific assumptions rather than market-participant assumptions in measuring non-financial assets and liabilities. In addition, it discussed external comments received on a draft of the final FASB Statement on fair value measurements, and decided the following:

- Fair value is the price that would be received or paid in an *orderly* transaction between market participants.
- Inputs to valuation techniques should reflect the assumptions that market participants would use in pricing an asset or liability, including assumptions about risk. If no such observable inputs are present, then unobservable inputs based on the reporting entity may be used provided that no contrary data indicate that market participants would use different assumptions.
- The guidance for offsetting long and short positions in the same instrument was removed from the draft Statement.
- Qualitative disclosures about unobservable inputs used for nonrecurring fair value measurements within Level 3 are required.
- For purposes of disclosures of changes in beginning and ending balances, the Board will allow the net presentation of derivative assets and liabilities measured within Level 3.
- The transition adjustment for financial instruments subject to limited retrospective application should be determined in a single step based on the difference between the carrying amount and the fair value of those instruments at the date the final Statement is initially applied. The effect should be recognized as a cumulative-effect adjustment to the opening balance of retained earnings for that fiscal year.

Financial Statement Presentation (July 19)

The Board agreed that financial information should be presented in two sections — business and financing — and that the business section should be further disaggregated into operating and treasury categories. The Board agreed that:

1. Operating or treasury classification should be consistent among the Statement of Financial Position, Statement of Earnings and Comprehensive Income, and Statement of Cash Flows.
2. An asset not classified as a “treasury asset” or a liability not classified as a “financing liability” should be classified as an “operating asset or liability.”
3. Classification of assets and liabilities within the operating category should be based on the notion of a one-year cash conversion cycle.
4. The notes to financial statements should include supplementary information about liquidity, if deemed necessary.
5. Cash and cash equivalents should be included as a separate line item in the treasury category. The definition of “cash and cash equivalents” should be revisited.

The Board directed the staff to undertake more research on user information needs to further develop approaches to defining “financing liabilities” and “treasury assets.”

Leases (July 19)

The Board added to its agenda a project to comprehensively reconsider the existing accounting for leases as a joint effort with the IASB. (See [related article](#).)

Postretirement Benefit Obligations, Including Pensions (July 12)

Considering several implementation issues related to retrospective application and the scope and objectives of the project, the Board made the following decisions:

- The project will be conducted in phases to enable substantive near-term improvements.
- An employer that is a business entity will be required to recognize the overfunded or underfunded status of a defined benefit postretirement plan in its statement of financial position. The overfunded or underfunded status is measured as the difference between the fair value of plan assets and the benefit obligation.
- The Board will require recognition as a component of other comprehensive income, net of tax, the following:
 - For an employer that is a business entity, the actuarial gains and losses and the prior service costs and credits that arise during the period but are not recognized as components of net periodic benefit costs.
 - Any transition asset or obligation remaining from the initial application of Statements 87⁴¹ and 106,⁴² rather than as adjustment to the opening balance of retained earnings.
 - As amounts are subsequently recognized as components of net period benefit cost pursuant to the recognition and amortization provisions of Statements 87 and 106, amounts recognized in accumulated other comprehensive income would be adjusted.
- The recognition of the funded status in the statement of financial position as of the effective date of the final Statement will be required as opposed to the retrospective application of the accounting change for all financial statements presented.

Postretirement Benefit Obligations, Including Pensions (July 19)

The Board decided the following in relation to the presentation of the funded status of a postretirement benefit plan in a classified balance sheet:

1. No portion of a net postretirement asset represents a current asset. Therefore, the excess of the fair value of plan assets over the benefit obligation should be classified as non-current. Any refunds expected from the postretirement plan, including the expected timing of such refunds, should be disclosed in the notes to financial statements. The disclosure is applicable to all sponsors, whether or not a classified balance sheet is presented.
2. The current portion of a net postretirement liability represents the amount of benefit payments expected to be paid in the next 12 months (or operating cycle, if longer) that cannot be funded from existing plan assets.

The Board made the following decisions related to not-for-profit organizations:

1. They should remain within the scope of the final Statement.
2. Net actuarial gains or losses and prior service costs or credits should be reported in separate line items apart from expenses, regardless of whether expenses are reported by functional or natural category.

⁴¹ FASB Statement No. 87, *Employers' Accounting for Pensions*.

⁴² FASB Statement No. 106, *Employers' Accounting for Postretirement Benefits Other Than Pensions*.

3. To eliminate the proposed guidance for a not-for-profit that presents an intermediate measure of operations functionally equivalent to income from continuing operations of a business entity. Instead, the Board decided to:
 - a. Refer organizations other than health care organizations to Statement 117⁴³ for guidance.
 - b. Refer health care organizations to the performance indicator guidance contained in the AICPA Audit and Accounting Guide, *Health Care Organizations*.
4. Additional guidance concerning permissible display within the statement of financial position of the cumulative effect on unrestricted net assets of adopting the provisions of the Exposure Draft will not be provided.
5. Recycling for not-for-profit organizations will not be eliminated.

FASB Project Summaries and Meeting Minutes

[Project summaries](#), [handouts](#) distributed at each meeting, [FASB meeting minutes](#), and [summaries](#) of FASB meetings and recent actions are available on the FASB's Web site.

Recent IASB Meeting

The International Accounting Standards Board met July 18–21, 2006, in London and discussed:

- Business Combinations II
- Insurance
- Accounting standards for small- and medium-sized entities
- IAS 37⁴⁴ redeliberations
- Proposed amendments to IFRS 2⁴⁵
- Conceptual Framework
- Revenue recognition
- Short-term convergence; segment reporting
- Short-term convergence; joint ventures
- Consolidations (including special purpose entities)
- Financial Statement Presentation
- Update on IFRIC activities
- Process for non-urgent, minor amendments to standards
- Leasing
- IAS 24⁴⁶

[Summaries](#) of the meetings, [observer notes, and IASB staff presentations](#) made at the meetings are available on the IASB's Web site. Summaries of IASB meeting decisions and discussions are also available on Deloitte's [IAS Plus](#) Web site.

⁴³ FASB Statement No. 117, *Financial Statements of Not-for-Profit Organizations*.

⁴⁴ IAS 37, *Provisions, Contingent Liabilities and Contingent Assets*.

⁴⁵ IFRS 2, *Share-based Payment*.

⁴⁶ IAS 24, *Related Party Disclosures*.

Recent IFRIC Meeting

The International Financial Reporting Interpretations Committee met in London on July 6 and 7, 2006, when it discussed the following topics:

- IAS 18, *Revenue* — customer loyalty programs
- IFRS 2, *Share-based Payment* — group and treasury share transactions
- Service concession arrangements
- IAS 19 *Employee Benefits* — the effect of a minimum funding requirement on the asset ceiling
- IAS 18, *Revenue* — guidance on identifying agency arrangements
- IAS 39, *Financial Instruments: Recognition and Measurement* — securitizations: derecognition of groups of financial assets
- IFRS 2, *Share-based Payment* — employee benefit trusts in the individual or separate financial statements of the sponsor
- IAS 11, *Construction Contracts* and IAS 18, *Revenue* — allocation of profit in unsegmented contracts
- IAS 39, *Financial Instruments: Recognition and Measurement* — identification of a portion of an exposure eligible for hedge accounting
- Update on Agenda Committee discussions
- IFRIC agenda decisions
- Tentative agenda decisions

Appendix B: Significant Adoption Dates and Deadlines

The chart below illustrates significant adoption dates and deadline dates for the FASB, EITF, GASB/GAO, AICPA/AcSEC, PCAOB, and IASB/IFRIC.

FASB	Status
Significant Adoption Dates	
Statement 156, <i>Accounting for Servicing of Financial Assets</i> — an amendment of FASB Statement No. 140	Effective as of the beginning of an entity's first fiscal year that begins after September 15, 2006.
Statement 155, <i>Accounting for Certain Hybrid Financial Instruments</i> — an amendment of FASB Statements No. 133 and 140	Effective for all financial instruments acquired, issued, or subject to a remeasurement (new basis) event occurring after the beginning of an entity's first fiscal year that begins after September 15, 2006.
Statement 154, <i>Accounting Changes and Error Corrections</i> — a replacement of APB Opinion No. 20 and FASB Statement No. 3	Effective for accounting changes and corrections of errors made in fiscal years beginning after December 15, 2005.
Statement 123(R), <i>Share-Based Payment</i> (reflecting change in effective dates for public companies as a result of the SEC's Final Rule amending Rule 4-01(a) of Regulation S-X)	Effective for public entities (other than those filing as small business issuers) as of the first interim or annual reporting period of the registrant's first fiscal year that begins after June 15, 2005. Public entities that file as small business issuers will be required to apply Statement 123(R) in the first interim or annual reporting period of the registrant's first fiscal year that begins after December 15, 2005. Nonpublic entities will be required to apply Statement 123(R) in the first annual reporting period that begins after December 15, 2005.
Interpretation 47, <i>Accounting for Conditional Asset Retirement Obligations</i> — an interpretation of FASB Statement No. 143	Effective as of the end of fiscal years ending after December 15, 2005.
Interpretation 48, <i>Accounting for Uncertainty in Income Taxes</i> — an interpretation of FASB Statement No. 109	Effective for fiscal years beginning after December 15, 2006.
FSP FAS 140-2, "Clarification of the Application of Paragraphs 40(b) and 40(c) of FASB Statement No. 140"	Effective as of November 9, 2005.
FSP FAS 123(R)-4, "Classification of Options and Similar Instruments Issued as Employee Compensation That Allow for Cash Settlement Upon the Occurrence of a Contingent Event"	Effective upon initial adoption of Statement 123(R). For an entity that adopted Statement 123(R) prior to February 3, 2006, this FSP is effective for the first reporting period beginning after February 3, 2006.
FSP FAS 123(R)-3, "Transition Election Related to Accounting for the Tax Effects of Share-Based Payment Awards"	Effective after November 10, 2005. Entities may take up to one year from the later of the initial adoption of Statement 123(R) or the effective date of the FSP to make its election.
FSP FAS 123(R)-2, "Practical Accommodation to the Application of Grant Date as Defined in FASB Statement No. 123(R)"	Effective upon initial adoption of Statement 123(R). For an entity that adopted Statement 123(R) prior to October 18, 2005, this FSP is effective for the first reporting period after October 18, 2005, for which financial statements or interim reports have not been issued.
FSP FAS 123(R)-1, "Classification and Measurement of Freestanding Financial Instruments Originally Issued in Exchange for Employee Services Under FASB Statement No. 123(R)"	Effective upon initial adoption of Statement 123(R). For an entity that adopted Statement 123(R) prior to August 31, 2005, this FSP is effective for either (a) the first reporting period beginning after August 31, 2005, or (b) an earlier period if the financial statements for that period have not been issued.
FSP FAS 115-1 and FAS 124-1, "The Meaning of Other-Than-Temporary Impairment and Its Application to Certain Investments"	Effective for reporting periods beginning after December 15, 2005.
FSP FAS 13-1, "Accounting for Rental Costs Incurred During a Construction Period"	Effective for the first reporting period beginning after December 15, 2005. Lessees should cease capitalizing rental costs as of the effective date of this FSP for operating lease arrangements entered into prior to that date.

FSP FAS 13-2, "Accounting for a Change or Projected Change in the Timing of Cash Flows Relating to Income Taxes Generated by a Leveraged Lease Transaction"	Effective for fiscal years beginning after December 15, 2006.
FSP FIN 45-3, "Application of FASB Interpretation No. 45 to Minimum Revenue Guarantees Granted to a Business or Its Owners"	Effective for new minimum revenue guarantees issued or modified on or after the beginning of the first fiscal quarter following November 10, 2005.
FSP FIN 46(R)-6, "Determining the Variability to Be Considered in Applying FASB Interpretation No. 46(R)"	Effective the first day of the first reporting period beginning after June 15, 2006.
FSP SOP 94-6-1, "Terms of Loan Products That May Give Rise to a Concentration of Credit Risk"	Effective for interim and annual periods ending after December 19, 2005.
FSP SOP 78-9-1, "Interaction of AICPA Statement of Position 78-9 and EITF Issue No. 04-5"	Effective after June 29, 2005, for new limited partnership agreements and for pre-existing limited partnership agreements that are modified; otherwise, effective no later than the beginning of the first reporting period in fiscal years beginning after December 15, 2005.
FSP AAG INV-1 and SOP 94-4-1, "Reporting of Fully Benefit-Responsive Investment Contracts Held by Certain Investment Companies Subject to the AICPA Investment Company Guide and Defined-Contribution Health and Welfare and Pension Plans"	The financial statement presentation and disclosure guidance is effective for annual periods ending after December 15, 2006. The revised definition of fully benefit-responsive is effective for all investment contracts as of the last day of the annual period ending after December 15, 2006.
FSP FTB 85-4-1, "Accounting for Life Settlement Contracts by Third Party Investors"	Effective for fiscal years beginning after June 15, 2006.
Statement 133 Implementation Issue No. G1, "Cash Flow Hedges: Hedging an SAR Obligation"	Revisions effective as of the beginning of the period in which the entity initially adopts Statement 123(R).
Statement 133 Implementation Issue No. E19, "Hedging — General: Methods of Assessing Hedge Effectiveness When Options Are Designated as the Hedging Instrument"	Revisions effective as of the beginning of the period in which the entity initially adopts Statement 123(R).
Statement 133 Implementation Issue No. C3, "Scope Exceptions: Exception Related to Share-Based Payment Arrangements"	Revisions effective as of the beginning of the period in which the entity initially adopts Statement 123(R).
Statement 133 Implementation Issue No. B39, "Embedded Derivatives: Application of Paragraph 13(b) to Call Options That Are Exercisable Only by the Debtor"	Effective the first day of the first fiscal quarter beginning after December 15, 2005.
Statement 133 Implementation Issue No. B38, "Embedded Derivatives: Evaluation of Net Settlement With Respect to the Settlement of a Debt Instrument Through Exercise of an Embedded Put Option or Call Option"	Effective the first day of the first fiscal quarter beginning after December 15, 2005.
Projects in Exposure-Draft or Request-for-Comment Stage	
Invitation to Comment, <i>Enhancing the Financial Accounting and Reporting Standard-Setting Process for Private Companies</i> — a Joint Proposal by the Financial Accounting Standards Board and American Institute of Certified Public Accountants	Comments due August 15, 2006.
FASB Invitation to Comment, <i>Bifurcation of Insurance and Reinsurance Contracts for Financial Reporting</i>	Comments due August 24, 2006.
FASB Preliminary Views, <i>Conceptual Framework for Financial Reporting: Objective of Financial Reporting and Qualitative Characteristics of Decision-Useful Financial Reporting Information</i>	Comments due November 3, 2006.
Proposed FSP FAS 123(R)-f, "Technical Corrections of FASB Statement No. 123(R)"	Comments due September 2, 2006.

EITF	Status
Significant Adoption Dates	
Issue 06-3, "How Taxes Collected From Customers and Remitted to Governmental Authorities Should Be Presented in the Income Statement (That Is, Gross Versus Net Presentation)"	Effective for financial statements for interim and annual periods beginning after December 15, 2006.
Issue 06-2, "Accounting for Sabbatical Leave and Other Similar Benefits Pursuant to FASB Statement No. 43"	Effective for fiscal years beginning after December 15, 2006.
Issue 05-8, "Income Tax Consequence of Issuing Convertible Debt With a Beneficial Conversion Feature"	Effective for the first interim or annual reporting period beginning after December 15, 2005.
Issue 05-7, "Accounting for Modifications to Conversion Options Embedded in Debt Instruments and Related Issues"	Effective for future modifications of debt instruments that occur in all interim and annual reporting periods beginning after December 15, 2005. Public companies should also consider the remarks of the SEC Staff at the December 2004 AICPA Conference on Current SEC and PCAOB Developments stating that public companies should include the change in fair value of a modified conversion option in their Issue 96-19 cash flow analysis.
Issue 05-5, "Accounting for Early Retirement or Postemployment Programs With Specific Features (Such as Terms Specified in Altersteilzeit Early Retirement Arrangements)"	Effective for fiscal years beginning after December 15, 2005.
Issue 05-1, "Accounting for the Conversion of an Instrument That Became Convertible Upon the Issuer's Exercise of a Call Option"	Effective for all conversions within the scope of the issue that result from the exercise of call options in interim or annual reporting periods beginning after June 28, 2006.
Issue 04-13, "Accounting for Purchases and Sales of Inventory With the Same Counterparty"	Effective for new inventory arrangements entered into, or modifications or renewals of existing inventory arrangements occurring, in interim or annual reporting periods beginning after March 15, 2006.
Issue 04-10, "Determining Whether to Aggregate Operating Segments That Do Not Meet the Quantitative Thresholds"	Effective for fiscal years ending after September 15, 2005.
Issue 04-6, "Accounting for Stripping Costs Incurred During Production in the Mining Industry"	Effective for fiscal years beginning after December 15, 2005.
Issue 04-5, "Determining Whether a General Partner, or the General Partners as a Group, Controls a Limited Partnership or Similar Entity When the Limited Partners Have Certain Rights"	Effective after June 29, 2005, for new limited partnership agreements and for pre-existing limited partnership agreements that are modified; otherwise, effective no later than the beginning of the first reporting period in fiscal years beginning after December 15, 2005.
Topic D-98, "Classification and Measurement of Redeemable Securities"	Effective for the first fiscal quarter ending after December 15, 2001, except that paragraph 19 is effective for the first fiscal period beginning after September 15, 2005.
GASB/GAO	Status
Significant Adoption Dates	
GASB Statement No. 45, <i>Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions</i>	Effective for: <ul style="list-style-type: none"> Phase 1 governments in periods beginning after December 15, 2006. Phase 2 governments in periods beginning after December 15, 2007. Phase 3 governments in periods beginning after December 15, 2008.
GASB Statement No. 43, <i>Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans</i>	Effective one year prior to the effective date of GASB Statement 45 for the employer in a single-employer plan or the largest participating employer in a multi-employer plan.

GASB Technical Bulletin No. 2006-1, <i>Accounting and Financial Reporting by Employers and OPEB Plans for Payments From the Federal Government Pursuant to the Retiree Drug Subsidy Provisions of Medicare Part D</i>	Effective for financial statements issued after June 30, 2006, except for portions of answers pertaining specifically to measurement, recognition, or required supplementary information requirements of Statements 43 and 45. Those provisions would be applied upon the adoption of Statements 43 and 45.
GASB Technical Bulletin No. 2004-2, <i>Recognition of Pension and Other Postemployment Benefit (OPEB) Expenditures/Expense and Liabilities by Cost-Sharing Employers</i>	For pension transactions, effective for financial statements for periods ending after December 15, 2004, with earlier application encouraged. For OPEB transactions, the provisions should be applied simultaneously with the requirements of GASB Statement 45.
Project in Exposure-Draft Stage	
GAO Exposure Draft, <i>Government Auditing Standards, 2006 Revision (GAO-06-729G, June 2006)</i>	Comments due August 15, 2006.
AICPA/AcSEC	Status
Significant Adoption Dates	
SOP 06-1, <i>Reporting Pursuant to the Global Investment Performance Standards</i>	Effective April 6, 2006.
SOP 05-1, <i>Accounting by Insurance Enterprises for Deferred Acquisition Costs in Connection With Modifications or Exchanges of Insurance Contracts</i>	Effective for internal replacements occurring in fiscal years beginning after December 15, 2006. Initial application of this SOP should be as of the beginning of an entity's fiscal year.
SAS 112, <i>Communicating Internal Control Matters Identified in an Audit</i>	Effective for audits of financial statements for periods ending on or after December 15, 2006.
SAS 111, <i>Amendment to Statement on Auditing Standards No. 39, Audit Sampling</i>	Effective for audits of financial statements for periods beginning on or after December 15, 2006.
SAS 110, <i>Performing Audit Procedures in Response to Assessed Risks and Evaluating the Audit Evidence Obtained</i>	Effective for audits of financial statements for periods beginning on or after December 15, 2006.
SAS 109, <i>Understanding the Entity and Its Environment and Assessing the Risks of Material Misstatement</i>	Effective for audits of financial statements for periods beginning on or after December 15, 2006.
SAS 108, <i>Planning and Supervision</i>	Effective for audits of financial statements for periods beginning on or after December 15, 2006.
SAS 107, <i>Audit Risk and Materiality in Conducting an Audit</i>	Effective for audits of financial statements for periods beginning on or after December 15, 2006.
SAS 106, <i>Audit Evidence</i>	Effective for audits of financial statements for periods beginning on or after December 15, 2006.
SAS 105, <i>Amendment to Statement on Auditing Standards No. 95, Generally Accepted Auditing Standards</i>	Effective for audits of financial statements for periods beginning on or after December 15, 2006.
SAS 104, <i>Amendment to Statement on Auditing Standards No. 1, Codification of Auditing Standards and Procedures ("Due Professional Care in the Performance of Work")</i>	Effective for audits of financial statements for periods beginning on or after December 15, 2006.
SAS 103, <i>Audit Documentation</i>	Effective for periods ending on or after December 15, 2006.
SAS 102, <i>Defining Professional Requirements in Statements on Auditing Standards</i> , and SSAE No. 13, <i>Defining Professional Requirements in Statements on Standards for Attestation Engagements</i>	Effective December 2005.
<i>AICPA Professional Standards</i> , ET Section 100.01 — <i>Conceptual Framework for AICPA Independence Standards</i>	Effective for all independence decisions made as of April 30, 2007.
Revision to <i>AICPA Professional Standards</i> , ET Section 501.02	Effective April 30, 2006.

AICPA Center for Public Company Audit Firms Alert #90, <i>SEC Staff Position Regarding Changes to the Statement of Cash Flows Relating to Discontinued Operations</i>	Effective February 15, 2006. Retrospective modifications to presentations of the cash flows pertaining to discontinued operations in the first periodic report filed subsequent to February 15, 2006, may be treated in a manner similar to a change in accounting method with no reference to the correction of an error. Modifications in subsequent filings should be treated as a correction of an error.
AICPA Center for Public Company Audit Firms Alert #98, <i>Update to SEC Staff Position Regarding Changes to the Statement of Cash Flows Relating to Discontinued Operations (Addendum to CCAF Alert #90)</i>	Effective April 19, 2006.
AICPA Center for Public Company Audit Firms Paper, <i>Guidance for Firms Issuing Audit Reports for Non-Issuers That Are Filed With the SEC</i>	Effective March 10, 2006.
Projects in Exposure-Draft Stage	
AICPA ASB Proposed Statement on Standards for Attestation Engagement, <i>SSAE Hierarchy</i>	Comments due September 15, 2006.
AICPA ASB Proposed Statement on Auditing Standards, <i>Omnibus — 2006</i>	Comments due September 15, 2006.
AICPA ASB Proposed Statement on Quality Control Standards, <i>A Firm's System of Quality Control</i>	Comments due September 30, 2006.
AICPA Center for Public Company Audit Firms Paper, <i>Guidance for Firms Issuing Audit Reports for Non-Issuers That Are Filed With the SEC</i>	Effective March 10, 2006.
SEC	Status
Significant Adoption Dates	
Final Rule, <i>Fund of Funds Investments</i>	Effective July 31, 2006.
SEC Amendments to Forms N-1A, N-2, N-3, N-4, and N-6	All new registration statements filed on the investment company forms and all post-effective amendments that are annual updates to effective registration statements on the investment company forms filed on or after January 2, 2007, must include the disclosure required by the form amendments.
Final Rule, <i>Postponement of the Phase-in Period for Acceleration of Periodic Report Filing Dates for Large Accelerated Filers and Accelerated Filers</i>	Effective December 27, 2005.
Final Rule, <i>Securities Offering Reform</i>	Effective December 1, 2005.
Final Rule, <i>Use of Form S-8, Form 8-K, and Form 20-F by Shell Companies</i>	Effective August 22, 2005, except that Form 8-K, Item 5.06 is effective November 7, 2005.
Final Rule, <i>First-Time Application of International Financial Reporting Standards</i> (amendments to Form 20-F)	Rule will apply to foreign private issuers that adopt IFRS prior to or for the first financial year starting on or after January 1, 2007.
Final Rule, <i>Amendment to Rule 4-01(a) of Regulation S-X Regarding the Compliance Date for Statement of Financial Accounting Standards No. 123 (revised 2004), Share-Based Payment</i>	Effective for public entities (other than those filing as small business issuers) as of the first interim or annual reporting period of the registrant's first fiscal year that begins after June 15, 2005. Public entities that file as small business issuers will be required to apply Statement 123(R) in the first interim or annual reporting period of the registrant's first fiscal year that begins after December 15, 2005.
Final Rule, <i>Management's Report on Internal Control Over Financial Reporting and Certification of Disclosure in Exchange Act Periodic Reports</i> (an extension of compliance date)	Effective for fiscal years ending on or after November 15, 2004, for certain "accelerated filers." Effective for fiscal years ending on or after July 15, 2007, for "nonaccelerated filers," including foreign private issuers that are not accelerated filers. Effective for fiscal years ending on or after July 15, 2006, for foreign private issuers that are accelerated filers and file annual reports on forms 20-F or 40-F.

SAB 107 (on the interaction between FASB Statement No. 123(R), <i>Share-Based Payment</i> , and certain SEC rules and regulations)	Effective upon the adoption of Statement 123(R).
Changes to Executive Compensation Disclosures	Effective December 15, 2006.
Request for Additional Comments on <i>Interpretive Release, Commission Guidance Regarding Client Commission Practices Under Section 28(e) of the Securities Exchange Act of 1934</i>	Interpretive Release is effective July 24, 2006; market participants, however, will be able to rely on prior SEC guidance for six months following publication. Additional comments related to the revised interpretation of the safe harbor with respect to client commission arrangements under Section 28(e) are due September 7, 2006.
Projects in Request-for-Comment Stage	
Proposed Rule, <i>Investment Company Governance</i>	Comments due August 21, 2006.
Request for Feedback on Experiences With Interactive Data and XBRL	Comments may be submitted throughout 2006 as roundtable topics and dates are announced.
Request for Comments on <i>Concept Release Concerning Management's Reports on Internal Control Over Financial Reporting</i>	Comments due September 18, 2006.
PCAOB	Status
Significant Adoption Dates	
Auditing Standard No. 4, <i>Reporting on Whether a Previously Reported Material Weakness Continues to Exist</i>	Effective February 6, 2006.
Auditing Standard No. 2, <i>An Audit of Internal Control Over Financial Reporting Performed in Conjunction With an Audit of Financial Statements</i>	Effective for fiscal years ending on or after November 15, 2004, for certain "accelerated filers." Effective for fiscal years ending on or after July 15, 2007, for "nonaccelerated filers," including foreign private issuers that are not accelerated filers. Effective for fiscal years ending on or after July 15, 2006, for foreign private issuers that are accelerated filers and file annual reports on forms 20-F or 40-F.
<i>Conforming Amendments to PCAOB Interim Standards Resulting From the Adoption of PCAOB Auditing Standard No. 2, "An Audit of Internal Control Over Financial Reporting Performed in Conjunction With an Audit of Financial Statements"</i>	Effective for integrated audits of financial statements at the same time as Auditing Standard No. 2. Effective for audits of only financial statements for periods ending on or after July 15, 2005.
Rule 3524, <i>Audit Committee Pre-approval of Certain Tax Services</i>	Rule will not apply to any tax service pre-approved on an engagement-by-engagement basis before June 18, 2006. With respect to tax services provided to audit clients whose audit committees pre-approve tax services pursuant to policies and procedures, the rule will not apply to any such tax service that is begun by April 20, 2007.
Rule 3523, <i>Tax Services for Persons in Financial Reporting Oversight Roles</i>	Rule will not apply to tax services being provided pursuant to an engagement in process at April 19, 2006, provided that such services are completed on or before October 31, 2006.
Rule 3522, <i>Tax Transactions</i>	Rule will not apply to tax services that are completed by a registered public accounting firm prior to June 18, 2006.
Rule 3521, <i>Contingent Fees</i>	Rule will not apply to contingent fee arrangements that prior to June 18, 2006, were (1) paid in their entirety, (2) converted to fixed fee arrangements, or (3) otherwise unwound.
Rule 3501, <i>Definitions of Terms Employed in Section 3, Part 5 of the Rules</i> ; Rule 3502, <i>Responsibility Not to Knowingly or Recklessly Contribute to Violations</i> ; Rule 3520, <i>Auditor Independence</i>	Effective April 29, 2006.

IASB/IFRIC	Status
Significant Adoption Dates	
IFRS 7, <i>Financial Instruments: Disclosures</i>	Effective for annual periods beginning on or after January 1, 2007.
IFRS 6, <i>Exploration for and Evaluation of Mineral Resources</i>	Effective for annual periods beginning on or after January 1, 2006.
Amendment to IAS 39, <i>Financial Instruments: Recognition and Measurement</i> , and IFRS 4, <i>Insurance Contracts</i>	Effective for annual periods beginning on or after January 1, 2006.
Amendment to IAS 39, <i>Financial Instruments: Recognition and Measurement</i> — <i>The Fair Value Option</i>	Effective for annual periods beginning on or after January 1, 2006.
Amendment to IAS 39, <i>Financial Instruments: Recognition and Measurement</i> — <i>Cash Flow Hedge Accounting of Forecast Intragroup Transactions</i>	Effective for annual periods beginning on or after January 1, 2006.
Amendment to IAS 21, <i>The Effects of Changes in Foreign Exchange Rates</i> — <i>Net Investment in a Foreign Operation</i>	Effective for annual periods ending on or after January 1, 2006.
Amendment to IAS 19, <i>Employee Benefits</i>	Effective for annual periods beginning on or after January 1, 2006.
Amendment to IAS 1, <i>Presentation of Financial Statements</i> — <i>Capital Disclosures</i>	Effective for annual periods beginning on or after January 1, 2007.
IFRIC Interpretation 9, <i>Reassessment of Embedded Derivatives</i>	Effective for annual periods beginning on or after June 1, 2006.
IFRIC Interpretation 8, <i>Scope of IFRS 2</i>	Effective for annual periods beginning on or after May 1, 2006.
IFRIC Interpretation 7, <i>Applying the Restatement Approach Under IAS 29, Financial Reporting in Hyperinflationary Economies</i>	Effective for annual periods beginning on or after March 1, 2006.
IFRIC Interpretation 6, <i>Liabilities Arising From Participating in a Specific Market</i> — <i>Waste Electrical and Electronic Equipment</i>	Effective for annual periods beginning on or after December 1, 2005.
IFRIC Interpretation 5, <i>Rights to Interests Arising From Decommissioning, Restoration and Environmental Rehabilitation Funds</i>	Effective for annual periods beginning on or after January 1, 2006.
IFRIC Interpretation 4, <i>Determining Whether an Arrangement Contains a Lease</i>	Effective for annual periods beginning on or after January 1, 2006.
Projects in Exposure-Draft Stage	
Proposed Amendments to IAS 23, <i>Borrowing Costs</i>	Comments due September 29, 2006.
International Accounting Standards Committee Foundation, <i>Draft Due Process Handbook for the IFRIC</i> (May 2006)	Comments due September 30, 2006.
Proposed Amendments to IAS 32, <i>Financial Instruments: Presentation</i> and IAS 1, <i>Presentation of Financial Statements</i> — <i>Financial Instruments Puttable at Fair Value and Obligations Arising on Liquidation</i>	Comments due October 23, 2006.

Appendix C: Roundup Flash

Roundup Flash briefly summarizes the decisions and news covered this month, and highlights the entities affected and next steps. To jump to the corresponding article in this issue, click a title below.

FASB Developments

Final Interpretation on Accounting for Uncertainty in Income Taxes

- AFFECTS:** All enterprises.
- SUMMARY:** The Interpretation⁴⁷ applies to all tax positions that are within the scope of Statement 109.⁴⁸ The Interpretation establishes a “more-likely-than-not” recognition threshold that must be met before a tax benefit can be recognized in the financial statements.
- NEXT STEPS:** Effective for fiscal years beginning after December 15, 2006.

FASB Staff Position on Accounting for a Change in Income Tax Cash Flows Generated by a Leveraged Lease Transaction

- AFFECTS:** All companies with leveraged leases.
- SUMMARY:** The FSP⁴⁹ requires companies to recalculate their leveraged leases if there is a change or projected change in the timing of cash flows relating to income taxes generated by the leveraged lease.
- NEXT STEPS:** Effective for fiscal years beginning after December 15, 2006.

FASB Issues Preliminary Views on Conceptual Framework Joint Project With IASB

- AFFECTS:** All companies.
- SUMMARY:** The document presents the Boards’ views, and requests comments, on the first two chapters of the conceptual framework that define the objective of financial reporting, and the qualitative characteristics of decision-useful financial information.
- NEXT STEPS:** Comments are due November 3, 2006.

FASB Issues Proposed FSP for Technical Corrections to Statement 123(R)

- AFFECTS:** Companies that issue share-based payment awards.
- SUMMARY:** The proposed FSP⁵⁰ makes technical corrections to Statement 123(R).⁵¹
- NEXT STEPS:** Comments are due September 2, 2006.

⁴⁷ FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes* — an interpretation of FASB Statement No. 109.

⁴⁸ FASB Statement No. 109, *Accounting for Income Taxes*.

⁴⁹ FASB Staff Position No. FAS 13-2, “Accounting for a Change or Projected Change in the Timing of Cash Flows Relating to Income Taxes Generated by a Leveraged Lease Transaction.”

⁵⁰ Proposed FASB Staff Position No. FAS 123(R)-f, “Technical Corrections of FASB Statement No. 123(R).”

⁵¹ FASB Statement No. 123(R), *Share-Based Payment*.

Changes to the Green Book, *Accounting for Derivative Instruments and Hedging Activities*

- AFFECTS:** Companies that have derivative instruments.
- SUMMARY:** The FASB has issued a summary of changes made to the Green Book, *Accounting for Derivative Instruments and Hedging Activities*, reflecting amendments to Statement 133⁵² and newly issued or revised cleared DIG Issues.

Lease Project Added to FASB Agenda

- AFFECTS:** All companies involved in leases.
- SUMMARY:** The FASB has formally added a project to its agenda to reconsider the current accounting standards for leases. The project will be a joint effort with the IASB.
- NEXT STEPS:** A joint discussion paper for public comment is expected sometime in 2008.

GASB Developments

New Q&A on Qualifying OPEB Plan Trusts and Fiduciary Responsibilities

- AFFECTS:** State and local governmental entities.
- SUMMARY:** The Q&A provides implementation guidance regarding qualifying OPEB plan trusts for purposes of accounting and financial reporting.

AICPA Developments

AICPA Issues Exposure Draft on SSAE Hierarchy for Auditors of Nonissuers

- AFFECTS:** Auditors and practitioners who perform attest engagements for nonissuers.
- SUMMARY:** The Exposure Draft establishes a hierarchy for attest literature.
- NEXT STEPS:** Comments are due September 15, 2006.

AICPA Issues *Omnibus* — 2006 Exposure Draft for Auditors of Nonissuers

- AFFECTS:** Auditors and practitioners who perform attest engagements for nonissuers.
- SUMMARY:** The exposure draft amends certain SASs.
- NEXT STEPS:** Comments are due September 15, 2006.

⁵² FASB Statement No. 133, *Accounting for Derivative Instruments and Hedging Activities*.

AICPA Issues Exposure Draft on Quality Control Standards for CPA Firms

- AFFECTS:** Auditors who perform attest engagements.
- SUMMARY:** The proposed standard provides guidance for a CPA firm's responsibilities for its system of quality control for its accounting and auditing practice.
- NEXT STEPS:** Comments are due September 30, 2006.

Practice Aid on Auditing Alternative Investments

- AFFECTS:** Auditors of investors in Alternative Investments.
- SUMMARY:** This practice aid provides additional guidance as to how the auditor may obtain sufficient appropriate audit evidence on alternative investments (e.g., hedge funds, private equity funds, real estate funds, etc.) to conclude on the financial statements.

SEC Developments

SEC Adopts Changes to Executive Compensation Disclosures

- AFFECTS:** All SEC registrants.
- SUMMARY:** The SEC voted to adopt changes to existing disclosure requirements regarding executive and director compensation, related person transactions, director independence and other corporate governance matters, and security of ownership of officers and directors.
- NEXT STEPS:** The rules are effective December 15, 2006. Look for additional *Accounting Roundup* coverage when the SEC issues the text of the final rules.

Concept Release on Section 404 Improvements

- AFFECTS:** Public companies and their auditors.
- SUMMARY:** The Concept Release⁵³ requests feedback from constituents on what additional guidance is needed, if any, to assist management in the evaluation and assessment of internal control over financial reporting.
- NEXT STEPS:** Comments are due September 18, 2006.

Highlights of AICPA SEC Regulations Committee Joint Meeting With the SEC Staff — June 20, 2006

- AFFECTS:** All public companies.
- SUMMARY:** The AICPA SEC Regulations Committee met with the SEC staff on June 20, 2006. In addition to providing updates on current projects, the SEC staff provided its views on a variety of accounting and reporting issues.

⁵³ SEC Concept Release Concerning Management's Reports on Internal Control Over Financial Reporting.

SEC Issues Interpretive Release on Use of Client Commissions for Brokerage and Research Services

- AFFECTS:** Money managers.
- SUMMARY:** The Interpretative Release⁵⁴ clarifies that money managers may use client commissions only for eligible brokerage and research services, which are limited to advice, analyses, and reports under Section 28(e) of the Securities and Exchange Act of 1934.
- NEXT STEPS:** Effective July 24, 2006; however, market participants will be able to rely on prior SEC guidance for six months following publication. Additionally, the SEC is soliciting further comments on client commission arrangements, which are due September 7, 2006.

PCAOB Developments

PCAOB Issues Practice Alert on Stock Option Grants

- AFFECTS:** Auditors of entities that issue stock options.
- SUMMARY:** Recently, much attention has been paid to issuers' practices in granting options and whether they have been consistent with the manner in which the transactions were initially recorded and disclosed. This Practice Alert, a new initiative of the PCAOB to issue such events when necessary, outlines the background of the issue and addresses matters for auditor consideration.
- NEXT STEPS:** The Practice Alert is effective immediately.

International Developments

IFRIC Interpretation on Interim Financial Reporting and Impairment

- AFFECTS:** Entities that apply IFRS.
- SUMMARY:** The Interpretation⁵⁵ prohibits an entity from reversing an impairment loss recognized in a previous interim period.
- NEXT STEPS:** Effective for annual periods beginning on or after November 1, 2006, with earlier application encouraged.

⁵⁴ SEC Interpretative Release, *Commission Guidance Regarding Client Commission Practices Under Section 28(e) of the Securities Exchange Act of 1934*.

⁵⁵ IFRIC Interpretation 10, *Interim Financial Reporting and Impairment*.

Application of New IFRSs Not Effective Until 2009

- AFFECTS:** Entities that apply, or will apply, IFRS.
- SUMMARY:** The IASB will not require the application of new IFRSs under development or major amendments to existing standards before January 1, 2009. In addition, it is allowing increased lead time to prepare for new standards, increased opportunity for input on conceptual issues, and public roundtables on two key topics.
- NEXT STEPS:** Roundtables to be held in November and December of 2006 on proposed amendments to the recognition and measurement principles in IAS 37⁵⁶ and in the first quarter of 2007 on the measurement phase of the Conceptual Framework project.

Other Developments

Request for Comments on Proposed Changes to Yellow Book Auditing Standards

- AFFECTS:** Auditors that apply Governmental Auditing Standards.
- SUMMARY:** The United States Government Accountability Office (GAO) issued an Exposure Draft⁵⁷ detailing proposed changes to *Government Auditing Standards* (GAGAS), commonly referred to as the "Yellow Book."
- NEXT STEPS:** Comments are due August 15, 2006.

COSO Issues Guidance on Internal Control Over Financial Reporting for Small Public Companies

- AFFECTS:** Small public companies and their auditors.
- SUMMARY:** The Committee of Sponsoring Organizations of the Treadway Commission (COSO) has issued *Internal Control Over Financial Reporting — Guidance for Smaller Public Companies*. The document provides guidance regarding the application of the framework for smaller public companies.

⁵⁶ IAS 37, *Provisions, Contingent Liabilities and Contingent Assets*

⁵⁷ United States Government Accountability Office, *Government Auditing Standards, 2006 Revision* — Exposure Draft (June 2006).

Appendix D: Abbreviations

AcSEC	Accounting Standards Executive Committee	IASB	International Accounting Standards Board
AICPA	American Institute of Certified Public Accountants	IFAC	International Federation of Accountants
APB	Accounting Principles Board	IFRIC	International Financial Reporting Interpretations Committee
ARB	Accounting Research Bulletin	IFRS	International Financial Reporting Standard
ASB	Auditing Standards Board	MD&A	Management's Discussion & Analysis
DIG	Derivatives Implementation Group	NCGA	National Council on Governmental Accounting
DTC	Draft Technical Correction	PCAOB	Public Company Accounting Oversight Board
EITF	Emerging Issues Task Force	SAB	Staff Accounting Bulletin
FAS	Financial Accounting Standard	SAS	Statement on Auditing Standards
FASB	Financial Accounting Standards Board	SEC	Securities and Exchange Commission
FIN	FASB Interpretation	SOP	Statement of Position
FSP	FASB Staff Position	SSAE	Statement on Standards for Attestation Engagements
GAAP	Generally Accepted Accounting Principles	TPA	Technical Practice Aid
GASB	Governmental Accounting Standards Board		
IAS	International Accounting Standard		

Conclusions of the FASB, GASB, IASB, and IFRIC are subject to change at future meetings and generally do not affect current accounting requirements until an official position (e.g., Statement, Interpretation, Staff Position, or IFRS) is issued. Official positions are determined only after extensive deliberation and due process, including a formal vote.

Further information about the standard setters can be found on their respective Web sites as follows: www.fasb.org (FASB); www.fasb.org/eitf/agenda.shtml (EITF); www.gasb.org (GASB); www.aicpa.org (AICPA); www.sec.gov (SEC); and www.iasb.org or www.iasplus.com/index.htm (IASB and IFRIC).

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