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# Accounting Roundup

## 2nd Quarter in Review — 2006

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# Preface

## Accounting Roundup: 2nd Quarter in Review — 2006

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During the second quarter of 2006, accounting standard setters and regulators issued a number of pronouncements (e.g., final FSPs, EITF consensuses, SEC rules, PCAOB rules, etc.) affecting accounting, financial reporting, and corporate governance.

*Accounting Roundup: 2nd Quarter in Review — 2006* presents brief descriptions of those pronouncements and outlines certain other second-quarter regulatory and professional developments. The articles in this Review derive mainly from issues of the *Accounting Roundup* newsletters published in the second quarter of 2006, with updates added where appropriate.

Online readers seeking additional resources should review the information available via the hyperlinks throughout the issue, which are underlined in blue or marked with the symbol. Further details can be found on the Web sites of the accounting standard setters and regulators, including the FASB, GASB, SEC, PCAOB, AICPA, and IASB. Readers should monitor upcoming issues of *Accounting Roundup* for reports of new developments.

As usual, clicking any title in the Table of Contents takes you directly to the article. We value your feedback and would appreciate any comments you may have on *Accounting Roundup: 2nd Quarter in Review — 2006*. Take a moment to tell us what you think by sending us an e-mail at accountingstandards@deloitte.com.

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# FASB Developments

## FSP FIN 46(R)-6, "Determining the Variability to Be Considered in Applying FASB Interpretation No. 46(R)"

AFFECTS: Companies with interests in variable interest entities.

SUMMARY: FSP FIN 46(R)-6 introduces the "**by-design" approach** to determine the variability to consider when applying Interpretation 46(R).[1]

As a general rule, assets and operations of an entity create its variability, while its liabilities and equity interests absorb that variability. Other contracts or arrangements entered into by the entity may appear to both create and absorb variability (for example, interest rate swaps) because they can be assets or liabilities depending on prevailing market conditions. Additionally, a contract or arrangement may absorb many different types of risks (for example, credit risk, interest rate risk, and foreign currency exchange risk). The by-design approach is used for determining which risk or risks are important in evaluating whether an interest is a variable interest under Interpretation 46(R). The analysis should focus on the role of a contract or arrangement in the design of the entity, rather than its legal form or accounting classification.

The FSP requires an analysis of the design of the entity in determining the variability to be considered in applying Interpretation 46(R), and provides the following two steps:

1. Analyze the nature of the risks in the entity and
2. Determine the purpose(s) for which the entity was created and determine the variability (created by the risks identified in Step 1).

EFFECTIVE: For all entities (including newly created entities) with which an enterprise first becomes involved, and for all entities previously required to be analyzed under Interpretation 46(R) when a reconsideration event has occurred beginning the first day of the first reporting period beginning after June 15, 2006. Earlier application is permitted for periods for which no financial statements have yet been issued.

TRANSITION: Prospective application. Retrospective application is permitted, but not required. If retrospective application is elected, it must be completed no later than the end of the first annual reporting period ending after July 15, 2006.

OTHER RESOURCES: Deloitte & Touche's Heads Up on FSP FIN 46(R)-6.

# EITF Developments

## EITF Issue 05-1, "Accounting for the Conversion of an Instrument That Became Convertible Upon the Issuer's Exercise of a Call Option"

AFFECTS: Companies that issue contingently convertible debt instruments and certain other instruments that are not currently convertible pursuant to their terms, but become convertible upon the issuer's exercise of a call option.

SUMMARY: This Issue addresses whether the conversion of such a debt instrument into issuer shares should be accounted for akin to a conversion or an extinguishment. The Task Force concluded that the call option and the resulting equity securities issued should be accounted for akin to a conversion (i.e., no gain or loss recorded) provided that the debt instrument, **at issuance**, contains a substantive

[1] FASB Interpretation No. 46(R), *Consolidation of Variable Interest Entities* — an interpretation of ARB No. 51.

conversion feature (i.e., it is at least **reasonably possible** of becoming exercisable absent the issuer's ability to call the instrument). The transaction, otherwise, should be recorded as a debt extinguishment.

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.

TRANSITION: For instruments issued prior to June 28, 2006, the assessment as to whether a substantive conversion feature exists at issuance should be based only on assumptions, considerations, and/or marketplace information available as of the issuance date. Early application is permitted for companies for which financial statements have not yet been issued. Retrospective application is not permitted.

OTHER RESOURCES: Deloitte & Touche's June 2006 *EITF Roundup*.

## EITF Issue 06-2, "Accounting for Sabbatical Leave and Other Similar Benefits Pursuant to FASB Statement No. 43"

AFFECTS: Companies, such as some high tech companies, that provide employees with a compensated absence under sabbatical or other similar benefit arrangements.

SUMMARY: Issue 06-2 addresses whether an employer should accrue a liability for an employee's right to a compensated absence under a sabbatical or other similar benefit arrangement that (a) requires the completion of a minimum service period and (b) does not increase with additional years of service. Paragraph 6 of Statement 43 provides guidance in this area and states that a future obligation should be accrued as a liability if the "obligation relates to rights that vest or accumulate." The Task Force concluded that the **employee's right does accumulate**; therefore, it should be accrued over the required service period.

EFFECTIVE: For fiscal years beginning after December 15, 2006.

TRANSITION: Recognize the effects of applying the consensus in this Issue as a change in accounting principle through a cumulative-effect adjustment to retained earnings as of the beginning of the year of adoption. Retrospective application is allowed but not required. Entities should disclose the cumulative effect of the change on retained earnings. Early adoption is permitted as of the beginning of an entity's fiscal year, provided the entity has not yet issued financial statements, including interim financial statements, for any period of that fiscal year.

OTHER RESOURCES: Deloitte & Touche's June 2006 *EITF Roundup*.

## EITF 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)"

AFFECTS: Companies with taxes imposed concurrently on a specific revenue-producing transaction between a seller and a customer.

SUMMARY: The Task Force concluded that entities should present these taxes in the income statement on either a gross or a net basis **based on their accounting policy**.

DISCLOSURES Companies shall disclose their accounting policy pursuant to APB Opinion No. 22, *Disclosures of Accounting Policies*. Additionally, if such taxes are significant, and are presented on a gross basis, the amounts of those taxes should be disclosed.

EFFECTIVE: For financial statements for interim and annual periods beginning after December 15, 2006.

TRANSITION: This Issue only requires the presentation of additional disclosures. A company is not required to re-evaluate its existing policies related to taxes within the Issue's scope. If a company chooses to re-evaluate its existing policies and elects to change the presentation of taxes within the scope of this Issue, it must follow the requirements of Statement 154.[2] Accordingly, a change would need to be deemed preferable.

OTHER RESOURCES: Deloitte & Touche's June 2006 *EITF Roundup*.

# GASB Developments

### GASB Technical Bulletin No. 2006-1, *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*

AFFECTS: State and local governments.

SUMMARY: The Technical Bulletin provides guidance to government employers and related plans on how existing standards should be applied to account for retiree drug subsidy **payments associated with Medicare Part D**. Specifically, it clarifies:

- How an employer should account for and report Medicare Part D retiree drug subsidy payments from the federal government to the employer
- How such payments to an employer affect the accounting for the transactions and financial reporting by a defined benefit OPEB plan
- How an employer should account for and report such payments to the plan, and
- How a defined benefit OPEB plan should account for and report such payments to the plan.

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[3] and 45.[4] Those provisions would be applied upon the adoption of Statements 43 and 45.

# AICPA Developments

### AICPA Center for Public Audit Firms Alert #98, *Update to SEC Staff Position Regarding Changes to the Statement of Cash Flows Relating to Discontinued Operations (Addendum to CPCAF Alert #90)*

AFFECTS: Public companies reporting discontinued operations in their financial statements.

SUMMARY: The Alert provides guidance on interim periodic reports and registration and proxy statements filed subsequent to February 15, 2006, when dealing with situations discussed in CPCAF Alert #90.[5]

[2] FASB Statement No. 154, *Accounting Changes and Error Corrections* — a replacement of APB Opinion No. 20 and FASB Statement No. 3.

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

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

[5] AICPA Center for Public Company Audit Firms Alert #90, *SEC Staff Position Regarding Changes to the Statement of Cash Flows Relating to Discontinued Operations.*

Alert #90, issued in February, discussed considerations related to changing cash flow statements for inappropriate presentations of discontinued operations. Under that Alert, registrants were allowed to retrospectively modify their presentations in a manner similar to a change in accounting method. Alert #90 stipulated that corrections must be made in the next periodic report filed subsequent to February 15, 2006.

Alert #98 discusses the **appropriate revisions and disclosures** that must be included in interim periodic reports on Form 10-Q filed subsequent to February 15, 2006. The Alert states that Form 10-Q should (1) present the year-to-date information using the presentation guidance noted in Alert #90 and (2) revise the comparative prior period condensed Statement of Cash Flows to reflect the guidance noted in Alert #90 and label the information as **"revised" or "restated"** (if the company has not previously filed revised prior period cash flow information).

DISCLOSURES: Generally, the Alert requires the following disclosures for Form 10-Qs and registration and proxy statements filed subsequent to February 15, 2006, but before filing an annual report on Form 10-K that includes revised cash flow presentation:

- The registrant's intent to revise its previously issued annual Statements of Cash Flows in its next annual report;
- The reasons for the revisions; and
- The quantitative effect of the revision on the three latest fiscal years (and the most recent interim-to-date period, if applicable).

## AICPA TPA on Consolidated Financial Statements

AFFECTS: Companies that consolidate one or more subsidiaries.

SUMMARY: **TIS Section 1400.32, "Parent-Only Financial Statements and Relationship to GAAP"** — If consolidated financial statements are required under generally accepted accounting principles, there are no circumstances in which an entity may prepare parent-company-only financial statements in place of consolidated financial statements and still be in compliance with GAAP.

## AICPA TPAs on Consolidation of Variable Interest Entities

AFFECTS: Companies with interests in variable interest entities.

SUMMARY: **TIS Section 1400.29, "Consolidated Versus Combined Financial Statements Under FASB Interpretation No. 46(R), *Consolidation of Variable Interest Entities*"** — A reporting entity that is the primary beneficiary of a variable interest entity (VIE) under Interpretation 46(R) should not issue combined financial statements (including the VIE); rather, the primary beneficiary should issue consolidated financial statements.

**TIS Section 1400.30, "Stand-Alone Financial Statements of a Variable Interest Entity"** — In certain circumstances, it may be appropriate to issue stand-alone financial statements of a VIE (i.e., subsidiary-only financial statements).

**TIS Section 1400.31, "GAAP Departure for FIN 46(R)"** — The failure of the primary beneficiary of a VIE under Interpretation 46(R) to consolidate that VIE should be considered a departure from GAAP. A qualified or adverse opinion should be issued to the extent that the effects of the departure are considered material to the financial statements.

**TIS Section 1500.06, "Application of FASB Interpretation No. 46(R), *Consolidation of Variable Interest Entities*, to Income Tax Basis Financial Statements"** — The consolidation provisions of Interpretation 46(R) do not apply to financial statements prepared on an income tax basis. The Internal Revenue Code (IRC) provides guidance for income tax basis financial statements, and the threshold for consolidation under the IRC is 80 percent ownership. The required disclosures of Interpretation 46(R) should be made, or enough information should be provided to communicate the substance of those disclosures, in income tax basis financial statements.

## AICPA TPAs Regarding Loan Pool Accounting Under SOP 03-3

AFFECTS: Companies that apply AICPA Statement of Position 03-3, *Accounting for Certain Loans or Debt Securities Acquired in a Transfer.*

SUMMARY: **TIS Section 2130.36, "Impact on Cash Flows on a Group of Loans Accounted for as a Pool in Accordance With SOP 03-3, *Accounting for Certain Loans or Debt Securities Acquired in a Transfer*, If There Is a Confirming Event, and One Loan Is Removed as Expected"** — Provides an example of the impact on the accounting for a pool of loans if there is a confirming event (e.g., bankruptcy and default by an obligor) and one loan is removed as expected, but the investor does not change its original expectation of cash flows. The example indicates that the investor should remove the contractual cash flows from that loan and an equal amount of non-accretable difference from the pool such that the yield is unaffected. The TPA does not address charge-offs.

**TIS Section 2130.37, "Impact on Cash Flows on a Group of Loans Accounted for as a Pool in Accordance With SOP 03-3, *Accounting for Certain Loans or Debt Securities Acquired in a Transfer*, If There Is a Confirming Event, One Loan Is Removed From the Pool, and the Investor Decreases Its Estimate of Expected Cash Flows"** — Provides an example of the impact on the accounting for a group of loans accounted for as a pool if (1) there is a confirming event, (2) one loan is removed from the pool, and (3) the investor decreases its estimate of expected cash flows. The example indicates that the investor should record a provision in its loan loss allowance account for the present value of the expected cash flows of the loan being removed from the pool. Additionally, the investor should remove the contractual cash flows from that loan and an equal amount of non-accretable discount from the pool such that the yield is unaffected. The TPA does not address charge-offs.

## AICPA Statement on Auditing Standards No. 112, *Communicating Internal Control Matters Identified in an Audit*

AFFECTS: Auditors of nonpublic companies.

SUMMARY: The SAS provides **guidance to auditors of nonpublic companies** on communicating matters related to an entity's internal control over financial reporting identified in an audit, and supersedes SAS 60.[6] Among other provisions, the SAS achieves consistency with PCAOB Auditing Standard 2[7] by:

- Incorporating the defined terms "control deficiency," "significant deficiency," and "material weakness."
- Including guidance on evaluating the severity of internal control deficiencies.
- Requiring the auditor to communicate, in writing, to management (and those charged with governance), significant deficiencies and material weaknesses identified during an audit.

EFFECTIVE: For audits of financial statements for periods ending on or after December 15, 2006.

## AICPA Analysis of PCAOB Inspection Reports on Firms

AFFECTS: Auditors of public companies.

SUMMARY: The AICPA's Center for Public Company Audit Firms (CPCAF) published two reports that focused on the **deficiencies that were cited by the PCAOB** in its inspection reports on firms performing audits in 2004. The CPCAF's first report[8] analyzes deficiencies noted in smaller firm (firms that audit 100 or fewer issuers) inspection reports, while the second report[9] analyzes deficiencies noted in inspection reports on large firms (firms that audit more than 100 issuers). Some of the recurring items noted in the large-firm analysis include:

[6] AICPA Statement on Auditing Standards No. 60, *Communication of Internal Control Related Matters Noted in an Audit*.

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

[8] AICPA Center for Public Company Audit Firms, *Small Firm PCAOB Inspection Deficiency Analysis*.

[9] AICPA Center for Public Company Audit Firms, *Large Firm PCAOB Inspection Deficiency Analysis*.

- Inadequate or inappropriate confirmation procedures, including improper use of negative confirmations.
- Inadequate documentation in working papers to support audit procedures performed and/or audit evidence obtained.
- Inconsistent application and/or inadequate documentation of materiality thresholds.
- Failure to confirm and/or review contracts to identify side arrangements and multiple-element arrangements.

### AICPA Employee Stock Option Financial Reporting Alert

AFFECTS: Companies that issue share-based payments and their auditors.

SUMMARY: The Alert provides an overview of FASB Statement No. 123(R), *Share-Based Payment*, and SEC Staff Accounting Bulletin No. 107. Among other topics, the Alert discusses:

- Employee stock options.
- The controversy behind stock option expensing.
- The likely effects of Statement 123(R).
- The value of a stock option.
- How to minimize stock option expense.

# SEC Developments

### SEC Order Approving Proposed Ethics and Independence Rules Concerning Independence, Tax Services, and Contingent Fees and Notice of Filing and Order Granting Accelerated Approval of the Amendment Delaying Implementation of Certain of These Rules

AFFECTS: Public companies and auditors of public companies.

SUMMARY: The SEC approved the PCAOB's ethics and independence rules and technical amendments. The following chart briefly summarizes the rules and effective dates:

| Rule | Description | Effective Date |
|---|---|---|
| 3501 — Definition of Terms | Provides definitions of terms used in the rules. | April 29, 2006. |
| 3502 — Responsibility Not to Knowingly or Recklessly Contribute to Violations | Codifies the principle that persons associated with a registered public accounting firm should not cause the firm to violate relevant laws, rules, and professional standards due to an act or omission that the person knew or should have known would directly and substantially contribute to such violation. | April 29, 2006. |
| 3520 — Auditor Independence | Articulates the foundation for current independence requirements. | April 29, 2006. |

| Rule | Description | Effective Date |
|---|---|---|
| 3521 — Contingent Fees | Prohibits contingent fee arrangements between a public accounting firm and its audit clients. | Does 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. |
| 3522 — Tax Transactions | Prohibits auditors from providing services to their audit clients related to the tax treatment of confidential transactions or aggressive tax position transactions. | Does not apply to tax services that are completed by a registered public accounting firm prior to June 18, 2006. |
| 3523 — Tax Services for Persons in Financial Reporting Oversight Roles | Prohibits auditors from providing tax services to persons in a financial reporting oversight role at an audit client. | Does not apply to tax services being provided pursuant to an engagement in process on April 19, 2006, provided those services are completed on or prior to October 31, 2006. |
| 3524 — Audit Committee Pre-approval of Certain Tax Services | Requires auditors seeking pre-approval of tax services to (1) provide the audit committee written documentation related to the scope of and fee for such services and (2) discuss potential effects on the firm's independence. | Does 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, does not apply to any such tax service that is begun by April 20, 2007. |

OTHER RESOURCES: PCAOB Release No. 2005-14, *Ethics and Independence Rules Concerning Independence, Tax Services, and Contingent Fees*;
PCAOB Release No. 2005-020, *Technical Amendments to Ethics and Independence Rules Concerning Independence, Tax Services, and Contingent Fees*; and
PCAOB Release No. 2006-001, *Implementation Schedule for Certain Ethics and Independence Rules Concerning Independence, Tax Services, and Contingent Fees*.

## SEC Final Rule, *Fund of Funds Investments*

AFFECTS: Investment companies.

SUMMARY: The SEC has adopted three new rules under the Investment Company Act of 1940 ("Investment Company Act") that address the ability of an investment company ("fund") to purchase shares of another fund. Currently, the Investment Company Act limits the ability of funds to invest in other funds, subject to certain exceptions. The final rules:[10]

- Allow funds to enter into "cash sweep arrangements" under which a fund may invest its available cash in a money market fund,
- Offer greater flexibility to a fund that invests primarily in funds of the same fund group, and
- Offer greater flexibility for a fund that invests small amounts in many unaffiliated funds to structure the sales load it charges (but does not increase the overall amount charged).

[10] The final rules include Rules 12d1-1, 12d1-2, and 12d1-3.

| | |
|---|---|
| | Additionally, the SEC has adopted amendments to investment company forms[11] that require a "fund of funds" to disclose in its fee table the expenses charged by the purchased funds in aggregate. |
| EFFECTIVE: | The final rules are effective July 31, 2006. 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. |

# PCAOB Developments

### **PCAOB Release No. 104-2006-015, *Statement Regarding the Public Company Accounting Oversight Board's Approach to Inspections of Internal Control Audits in the 2006 Inspection Cycle***

AFFECTS: Auditors of public companies.

SUMMARY: The Statement indicates that the PCAOB will evaluate how efficiently firms performed audits pursuant to PCAOB Auditing Standard No. 2, *An Audit of Internal Control Over Financial Reporting Performed in Conjunction With an Audit of Financial Statements*, during the 2006 inspection process. Specifically, the PCAOB will consider:

- The degree of integration between the audit of internal controls over financial reporting and the audit of the financial statements,
- The use of a top-down approach in identifying controls,
- The use of a risk-based approach in testing internal controls, and
- The use of the work of others.

EFFECTIVE: For inspections performed by the PCAOB during 2006.

### **PCAOB Staff Questions and Answers, *Adjustments to Prior-Period Financial Statements Audited by a Predecessor Auditor***

AFFECTS: Successor and predecessor auditors of public companies when there are adjustments to prior-period financial statements.

SUMMARY: Circumstances may arise that require an entity to make adjustments to prior-period financial statements, including, for example, the reporting of discontinued operations, and the retrospective application of a change in accounting principle, or the correction of an error in prior-period financial statements pursuant to FASB Statement No. 154, *Accounting Changes and Error Corrections*. The PCAOB has published staff questions and answers relating to the **auditing and reporting considerations of adjustments to prior-period financial statements** when the prior periods have been audited by a predecessor auditor. The staff questions and answers address situations from both the successor and predecessor auditors' perspectives.

[10] Amendments are made to Forms N-1A, N-2, N-3, N-4, and N-6.

# Other Developments

### New Texas Margin Tax (House Bill 3) Affects Tax Accounting as of May Enactment Date

| | |
|---|---|
| AFFECTS: | Taxable entities that do business in Texas or are chartered or organized in the state. |
| SUMMARY: | On May 18, 2006, the State of Texas enacted House Bill 3 (“the Bill”), which replaces the State’s current franchise tax with a “margin tax.” The margin tax is assessed at 1 percent of Texas-sourced taxable margin (except for retailers and wholesalers, which will be assessed at .5 percent). The taxable margin is computed as the lesser of (1) 70 percent of total revenue or (2) total revenue less (a) cost of goods sold or (b) compensation. Definitions and guidance on the terms “revenue,” “cost of goods sold,” and “compensation” are provided in the bill.<br><br>Although the Bill states that the new tax is not an income tax, it has characteristics of an income tax and accordingly should be accounted for as an income tax under FASB Statement No. 109, *Accounting for Income Taxes*. Based on paragraph 18 of Statement 109, a deferred tax asset or liability should be measured using the enacted tax rate(s) expected to apply to taxable income in the periods in which the deferred tax asset or liability is expected to be realized or settled. Therefore, if an entity expects to be subject to more than one measure of taxable margin in the future, it may be required to schedule the reversal of those temporary differences to measure the related deferred tax asset or liability. The Bill also provides for a temporary margin tax credit that can be claimed against margin tax due. This credit should be recognized as a deferred tax asset (subject to realizability under Statement 109). |
| EFFECTIVE: | For returns originally due on or after January 1, 2008. However, as required by Statement 109, all effects of a tax law change should be accounted for in the period of the law’s enactment (i.e., the reporting period that includes May 18, 2006). |
| OTHER RESOURCES: | Worksheet to calculate the Texas margin tax and Deloitte Tax LLP’s Alert on the Texas margin tax. |

# Appendix A: Significant Adoption Dates and Deadlines

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

| FASB | Status |
|---|---|
| **Significant Adoption Dates** | |
| Statement 156, *Accounting for Servicing of Financial Assets* — 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, *Accounting for Certain Hybrid Financial Instruments* — 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, *Accounting Changes and Error Corrections* — 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), *Share-Based Payment* (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, *Accounting for Conditional Asset Retirement Obligations* — an interpretation of FASB Statement No. 143 | Effective as of the end of fiscal years ending after December 15, 2005. |
| 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. |

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| 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 APB 18-1, "Accounting by an Investor for Its Proportionate Share of Accumulated Other Comprehensive Income of an Investee Accounted for Under the Equity Method in Accordance With APB Opinion No. 18 Upon a Loss of Significant Influence" | Effective as of the first reporting period beginning after July 12, 2005. |
| 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** | |
| Proposed FSP AUG AIR-a, "Accounting for Planned Major Maintenance Activities" | Comments due July 31, 2006. |
| Proposed FSP FAS 126-a, "Revisions to the Definition of a Public Entity to Include an Obligor for Conduit Debt Securities" | Comments due July 31, 2006. |
| Invitation to Comment, *Enhancing the Financial Accounting and Reporting Standard-Setting Process for Private Companies* — 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, *Bifurcation of Insurance and Reinsurance Contracts for Financial Reporting* | Comments due August 24, 2006. |

| EITF | Status |
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| **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 Vesus 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. |
| **Tentative Conclusions in Comment-Period Stage** | |
| Issue 06-5, Accounting for Purchases of Life Insurance – Determining the Amount That Could Be Realized in Accordance With FASB Technical Bulletin No. 85-4" | Comments due August 4, 2006. |
| Issue 06-4, "Accounting for Deferred Compensation and Postretirement Benefit Aspects of Endorsement Split-Dollar Life Insurance Arrangements" | Comments due August 4, 2006. |
| Issue 06-1, "Accounting for Consideration Given by a Service Provider to Manufacturers or Resellers of Equipment Necessary for an End-Customer to Receive Service From the Service Provider" | Comments due August 4, 2006. |

| GASB | Status |
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| **Significant Adoption Dates** | |
| GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* | Effective for:<br>• Phase I governments in periods beginning after December 15, 2006.<br>• Phase 2 governments in periods beginning after December 15, 2007.<br>• Phase 3 governments in periods beginning after December 15, 2008. |
| GASB Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* | 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, *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* | 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, *Recognition of Pension and Other Postemployment Benefit (OPEB) Expenditures/Expense and Liabilities by Cost-Sharing Employers* | 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** | |
| *Preliminary Views of the Governmental Accounting Standards Board on Major Issues Related to Accounting and Financial Reporting for Derivatives* | Comments due July 28, 2006. |
| **AICPA/AcSEC** | **Status** |
| **Significant Adoption Dates** | |
| SOP 06-1, *Reporting Pursuant to the Global Investment Performance Standards* | Effective April 6, 2006. |
| SOP 05-1, *Accounting by Insurance Enterprises for Deferred Acquisition Costs in Connection With Modifications or Exchanges of Insurance Contracts* | 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, *Communicating Internal Control Matters Identified in an Audit* | Effective for audits of financial statements for periods ending on or after December 15, 2006. |
| SAS 111, *Amendment to Statement on Auditing Standards No. 39,* Audit Sampling | Effective for audits of financial statements for periods beginning on or after December 15, 2006. |
| SAS 110, *Performing Audit Procedures in Response to Assessed Risks and Evaluating the Audit Evidence Obtained* | Effective for audits of financial statements for periods beginning on or after December 15, 2006. |
| SAS 109, *Understanding the Entity and Its Environment and Assessing the Risks of Material Misstatement* | Effective for audits of financial statements for periods beginning on or after December 15, 2006. |
| SAS 108, *Planning and Supervision* | Effective for audits of financial statements for periods beginning on or after December 15, 2006. |
| SAS 107, *Audit Risk and Materiality in Conducting an Audit* | Effective for audits of financial statements for periods beginning on or after December 15, 2006. |
| SAS 106, *Audit Evidence* | Effective for audits of financial statements for periods beginning on or after December 15, 2006. |
| SAS 105, *Amendment to Statement on Auditing Standards No. 95,* Generally Accepted Auditing Standards | Effective for audits of financial statements for periods beginning on or after December 15, 2006. |

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| SAS 104, *Amendment to Statement on Auditing Standards No. 1*, Codification of Auditing Standards and Procedures *("Due Professional Care in the Performance of Work")* | Effective for audits of financial statements for periods beginning on or after December 15, 2006. |
| SAS 103, *Audit Documentation* | Effective for periods ending on or after December 15, 2006. |
| SAS 102, *Defining Professional Requirements in Statements on Auditing Standards*, and SSAE No. 13, *Defining Professional Requirements in Statements on Standards for Attestation Engagements* | Effective December 2005. |
| AICPA *Professional Standards*, ET Section 100.01 — *Conceptual Framework for AICPA Independence Standards* | Effective for all independence decisions made as of April 30, 2007. |
| Revision to AICPA, *Professional Standards*, ET Section 501.02 | Effective April 30, 2006. |
| AICPA Center for Public Company Audit Firms Alert #90, *SEC Staff Position Regarding Changes to the Statement of Cash Flows Relating to Discontinued Operations* | 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, *Update to SEC Staff Position Regarding Changes to the Statement of Cash Flows Relating to Discontinued Operations (Addendum to CPCAF Alert #90)* | Effective April 19, 2006. |
| AICPA Center for Public Company Audit Firms Paper, *Guidance for Firms Issuing Audit Reports for Non-Issuers That Are Filed With the SEC* | Effective March 10, 2006. |
| **SEC** | **Status** |
| **Significant Adoption Dates** | |
| Final Rule, *Fund of Funds Investments* | 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, *Postponement of the Phase-in Period for Acceleration of Periodic Report Filing Dates for Large Accelerated Filers and Accelerated Filers* | Effective December 27, 2005. |
| Final Rule, *Securities Offering Reform* | Effective December 1, 2005. |
| Final Rule, *Use of Form S-8, Form 8-K, and Form 20-F by Shell Companies* | Effective August 22, 2005, except that Form 8-K, Item 5.06 is effective November 7, 2005. |
| Final Rule, *First-Time Application of International Financial Reporting Standards* (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, *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 | 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. |

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| Final Rule, *Management's Report on Internal Control Over Financial Reporting and Certification of Disclosure in Exchange Act Periodic Reports* (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), *Share-Based Payment*, and certain SEC rules and regulations) | Effective upon the adoption of Statement 123(R). |
| **Projects in Request-for-Comment Stage** | |
| Proposed Rule, *Investment Company Governance* | 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. |
| **PCAOB** | **Status** |
| **Significant Adoption Dates** | |
| Auditing Standard No. 4, *Reporting on Whether a Previously Reported Material Weakness Continues to Exist* | Effective February 6, 2006. |
| Auditing Standard No. 2, *An Audit of Internal Control Over Financial Reporting Performed in Conjunction With an Audit of Financial Statements* | 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. |
| *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" | 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, *Audit Committee Pre-approval of Certain Tax Services* | 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, *Tax Services for Persons in Financial Reporting Oversight Roles* | 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, *Tax Transactions* | Rule will not apply to tax services that are completed by a registered public accounting firm prior to June 18, 2006. |
| Rule 3521, *Contingent Fees* | 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, *Definitions of Terms Employed in Section 3, Part 5 of the Rules*; Rule 3502, *Responsibility Not to Knowingly or Recklessly Contribute to Violations*; Rule 3520, *Auditor Independence* | Effective April 29, 2006. |
| **Projects in Request-for-Comment Stage** | |
| PCAOB Release No. 2006-004, *Proposed Rules on Periodic Reporting by Registered Public Accounting Firms* | Comments due July 24, 2006. |
| PCAOB Release No. 2006-005, *Proposed Rules on Succeeding to the Registration Status of a Predecessor Firm* | Comments due July 24, 2006. |

| IASB/IFRIC | Status |
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| **Significant Adoption Dates** | |
| IFRS 7, *Financial Instruments: Disclosures* | Effective for annual periods beginning on or after January 1, 2007. |
| IFRS 6, *Exploration for and Evaluation of Mineral Resources* | Effective for annual periods beginning on or after January 1, 2006. |
| Amendment to IAS 39, *Financial Instruments: Recognition and Measurement*, and IFRS 4, *Insurance Contracts* | Effective for annual periods beginning on or after January 1, 2006. |
| Amendment to IAS 39, *Financial Instruments: Recognition and Measurement — The Fair Value Option* | Effective for annual periods beginning on or after January 1, 2006. |
| Amendment to IAS 39, *Financial Instruments: Recognition and Measurement — Cash Flow Hedge Accounting of Forecast Intragroup Transactions* | Effective for annual periods beginning on or after January 1, 2006. |
| Amendment to IAS 21, *The Effects of Changes in Foreign Exchange Rates — Net Investment in a Foreign Operation* | Effective for annual periods ending on or after January 1, 2006. |
| Amendment to IAS 19, *Employee Benefits* | Effective for annual periods beginning on or after January 1, 2006. |
| Amendment to IAS 1, *Presentation of Financial Statements — Capital Disclosures* | Effective for annual periods beginning on or after January 1, 2007. |
| IFRIC Interpretation 9, *Reassessment of Embedded Derivatives* | Effective for annual periods beginning on or after June 1, 2006. |
| IFRIC Interpretation 8, *Scope of IFRS 2* | Effective for annual periods beginning on or after May 1, 2006. |
| IFRIC Interpretation 7, *Applying the Restatement Approach Under IAS 29, Financial Reporting in Hyperinflationary Economies* | Effective for annual periods beginning on or after March 1, 2006. |
| IFRIC Interpretation 6, *Liabilities Arising From Participating in a Specific Market — Waste Electrical and Electronic Equipment* | Effective for annual periods beginning on or after December 1, 2005. |
| IFRIC Interpretation 5, *Rights to Interests Arising From Decommissioning, Restoration and Environmental Rehabilitation Funds* | Effective for annual periods beginning on or after January 1, 2006. |
| IFRIC Interpretation 4, *Determining Whether an Arrangement Contains a Lease* | Effective for annual periods beginning on or after January 1, 2006. |
| **Projects in Exposure-Draft Stage** | |
| Proposed Amendments to IAS 1, *Presentations of Financial Statements – A Revised Presentation* | Comments due July 17, 2006. |
| Proposed Amendments to IAS 23, *Borrowing Costs* | Comments due September 29, 2006. |
| International Accounting Standards Committee Foundation, *Draft Due Process Handbook for the IFRIC* (May 2006) | Comments due September 30, 2006. |
| Proposed Amendments to IAS 32, *Financial Instruments: Presentation* and IAS 1, *Presentation of Financial Statements – Financial Instruments Puttable at Fair Value and Obligations Arising on Liquidation* | Comments due October 23, 2006. |

# Appendix B: Summary of SAB Topic 11.M

SEC Staff Accounting Bulletin Topic 11.M indicates that filings should include disclosure of the impact that a recently issued accounting standard will have on the financial position and results of operations of the registrant when such standard is adopted in a future period. This disclosure guidance applies to all accounting standards that have been issued but not yet adopted by the registrant unless the impact on its financial position and results of operations is not expected to be material. MD&A requires disclosure of presently known material changes, trends, and uncertainties that have had or that the registrant reasonably expects will have a material impact on future sales, revenues, or income from continuing operations. With respect to financial statement disclosure, GAAS specifically addresses the need for the auditor to consider the adequacy of the disclosure of impending changes in accounting principles if (a) the financial statements have been prepared on the basis of accounting principles that were acceptable at the financial statement date but that will not be acceptable in the future and (b) the financial statements will be restated in the future as a result of the change. The SEC staff believes that recently issued accounting standards may constitute material matters and, therefore, disclosure in the financial statements should also be considered in situations where the change to the new accounting standard will be accounted for in financial statements of future periods, prospectively or with a cumulative catch-up adjustment.

Disclosures should include the following:

- A brief description of the new standard, the date that adoption is required, and the date that the registrant plans to adopt, if earlier.
- A discussion of the methods of adoption allowed by the standard and the method expected to be utilized by the registrant, if determined.
- A discussion of the impact that adoption of the standard is expected to have on the financial statements of the registrant, unless not known or reasonably estimable. In that case, a statement to that effect may be made.

Disclosure of the potential impact of other significant matters that the registrant believes might result from the adoption of the standard (such as technical violations of debt covenant agreements, planned or intended changes in business practices, etc.) is encouraged.

# Appendix C: Abbreviations

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

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).

*Accounting Roundup: 2nd Quarter in Review — 2006* is prepared by the National Office Accounting Standards and Communications Group of Deloitte & Touche LLP ("Deloitte & Touche"). The purpose of this publication is to briefly describe key regulatory and professional developments that have recently occurred in the field of accounting and to provide links to locations where additional information can be found on each topic. Readers seeking additional information about a topic should review the information referred to in the hyperlinks and not rely solely on the descriptions included in this communication.

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On July 31 at 2:00 PM EDT, we will host a 90-minute webcast, "FASB Interpretation No. 48, Accounting for Uncertainty in Income Taxes." Register for this webcast today.

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