

Accounting Roundup.

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FASB Developments

FASB Partially Defers Effective Date of Fair Value Statement 157

AFFECTS: Entities required to apply Statement 157.

SUMMARY: On February 12, 2008, the FASB issued [FSP FAS 157-2](#), which delays the effective date of Statement 157 for all nonrecurring fair value measurements of nonfinancial assets and nonfinancial liabilities until fiscal years beginning after November 15, 2008. FSP FAS 157-2 states that a measurement is recurring if it happens at least annually and defines nonfinancial assets and nonfinancial liabilities as all assets and liabilities other than those meeting the definition of a financial asset or financial liability in Statement 159. Paragraphs 9 and 10 of the FSP include examples of items to which the deferral would and would not apply.

Entities are encouraged to adopt Statement 157 in its entirety as long as they have not yet issued financial statements during that year. An entity that chooses to adopt Statement 157 in its entirety must do so for all nonfinancial assets and nonfinancial liabilities within its scope. For example, an entity that chooses to early adopt Statement 157 for nonfinancial liabilities included in exit or disposal activities measured at fair value under Statement 146 must do so for **all** nonfinancial assets and nonfinancial liabilities within Statement 157's scope.

NEXT STEPS: The FSP is effective upon issuance. Entities that applied the measurement and disclosure guidance in Statement 157 in preparing either interim or annual financial statements issued before the effective date of the FSP are not eligible for the FSP's deferral provisions. An entity that has not applied Statement 157 in its entirety must disclose (1) that it has only partially adopted Statement 157 and (2) the categories of assets and liabilities recorded or disclosed at fair value to which Statement 157 was not applied until the entity applies the Statement in its entirety.

OTHER RESOURCES: Deloitte's [February 15, 2008, Heads Up](#). ●

FASB Excludes Leases From Scope of Fair Value Statement 157

AFFECTS: Entities that engage in leasing activities.

SUMMARY: On February 12, 2008, the FASB issued [FSP FAS 157-1](#), which removes leasing transactions accounted for under Statement 13 and related guidance from the scope of Statement 157. The FSP addresses implementation issues affecting leasing transactions, including those associated with (1) the different definitions of fair value in Statements 13 and 157 and (2) the application of the fair value measurement objective under Statement 157 to estimated residual values of leased properties. The FASB noted in its Basis for Conclusions to Statement 157 that it did not intend to change lease accounting; however, applying the provisions of Statement 157 to leasing transactions may result in unintended changes to lease classification or measurement.

The scope exception does not apply to fair value measurements of lease transactions required under Statements 144 and 146 and Interpretation 21 (and, by extension, Statement 141).

NEXT STEPS: The FSP is effective upon the initial adoption of Statement 157. Entities that did not apply Statement 157 in a manner consistent with the FSP (i.e., entities that early adopted Statement 157) should retrospectively apply the FSP to the date of initial adoption.

OTHER RESOURCES: Deloitte's [February 15, 2008, Heads Up](#). ●

FASB Indefinitely Defers SOP 07-1 Affecting Investment Company Accounting

AFFECTS: Investment companies as well as entities with investments in investment companies, equity securities, commodities, securities based on indices, derivatives, and real estate.

SUMMARY: In 2007, the AICPA issued SOP 07-1 to clarify which entities were within the scope of the AICPA Audit and Accounting Guide *Investment Companies*. On February 14, 2008, in response to a number of SOP-related implementation issues identified by constituents and the Board, the FASB issued [FSP SOP 07-1-1](#), which indefinitely defers the effective date of SOP 07-1.

The FSP permits, but does not require, entities that adopted the SOP before December 15, 2007, to continue to apply its provisions. However, as indicated in paragraph 6 of the FSP, entities that did not early adopt before this date are prohibited from adopting the SOP except in the following situation:

If a parent entity that early adopted the SOP chooses not to rescind its early adoption, an entity consolidated by that parent entity that is formed or acquired after that parent entity's adoption of the SOP must apply the provisions of the SOP in its standalone financial statements.

NEXT STEPS: The FASB will review and address implementation issues associated with SOP 07-1. ●

FASB Issues FSP Under Which Repurchase Financing Activities May Be Derivatives

AFFECTS: Transferors and transferees of financial assets, including broker-dealers, hedge funds, banks, and real estate investment trusts.

SUMMARY: On February 20, 2008, the FASB issued [FSP FAS 140-3](#) to resolve questions about the accounting for repurchase financings. Repurchase financings are repurchase agreements that:

- Relate to a previously transferred asset.
- Are between the same counterparties.
- Are entered into contemporaneously with, or in contemplation of, the initial transfer.

The FSP discusses a series of transactions involving the acquisition of a security from a counterparty, usually a broker-dealer (step 1), along with a repurchase arrangement that involves the sale of the same security back to the broker-dealer (step 2) and an agreement to buy the security back by a specified future date at a fixed price (step 3). The FSP establishes criteria that could require parties to link the initial transfer (step 1) and the first transfer under the repurchase agreement (step 2) and treat them as one. This linkage, when required, substantially alters the financial reporting outcome of both parties. Two outcomes are possible:

- *Outcome 1* — The initial purchase and the repurchase agreement are treated separately. In other words, the initial transferee acquires a security and, as is typical for such arrangements, treats the repurchase agreement as if it had borrowed money from the transferor.
- *Outcome 2* — The initial purchase and the repurchase agreement are linked. As a result, the initial transferee of the security reports the transaction initially "off the books" as a forward that will result, upon future settlement, in the acquisition of a security. If the forward meets the Statement 133 definition of a derivative, it gets marked to fair value, which introduces accounting volatility to the initial transferee.

NEXT STEPS: The FSP is effective for repurchase financings in which the initial transfer is entered into in fiscal years beginning after November 15, 2008.

OTHER RESOURCES: Deloitte's [February 26, 2008, Heads Up](#). ●

FASB Proposes FSP on Net Asset Classification of Endowment Funds

AFFECTS: Not-for-profit organizations.

SUMMARY: On February 22, 2008, the FASB issued [proposed FSP FAS 117-a](#), aimed at improving the quality and consistency of financial reporting for endowments held by not-for-profit organizations. The FSP would require:

1. That not-for-profit organizations subject to UPMIFA classify amounts held in donor-restricted funds “of perpetual duration” as permanently restricted if (1) the donor has specified that the funds must be retained permanently or (2) the governing board has designated, or the enacted law requires, that the funds be retained permanently.
2. Transparent disclosures regarding “net asset classification, net asset composition, changes in net asset composition, spending policy(ies), and related investment policy(ies) about its endowment funds (both donor-restricted and board-designated).”

The FSP would be effective for fiscal years ending after June 15, 2008, with early adoption permitted.

NEXT STEPS: Comments on the FSP are due by April 18, 2008. ●

FASB Proposes FSP on Fresh-Start Reporting

AFFECTS: Entities emerging from bankruptcy.

SUMMARY: On February 27, 2008, the FASB issued [proposed FSP SOP 90-7-a](#), which eliminates the requirement in paragraph 38 of SOP 90-7 that entities emerging from bankruptcy, when preparing their financial statements, apply all new accounting standards that will be effective within 12 months after adopting fresh-start reporting. In other words, entities applying fresh-start reporting will adopt standards on the basis of effective dates stated in new pronouncements.

NEXT STEPS: Comments on the proposed FSP are due by March 28, 2008. ●

FASB Reduces Board Members From Seven to Five

AFFECTS: All entities.

SUMMARY: On February 26, 2008, the Board of Trustees of the Financial Accounting Foundation (FAF)¹ approved changes to the “oversight, structure, and operations” of the FAF, FASB, and GASB, including a reduction in the FASB from seven members to five. This reduction will take effect on July 1, 2008. The FAF believes that a smaller Board will react more quickly to a changing financial reporting landscape while maintaining quality and due process. The trustees also voted to create a “leadership agenda process” that gives the FASB chairman the sole authority, after appropriate consultation with other Board members, to establish the agenda and prioritize projects.

The FAF also approved other changes that will probably not receive as much attention. These include (1) changing the size, members’ term length, and composition of the FAF Board of Trustees; (2) enhancing the trustees’ governance and oversight activities related to the efficiency and effectiveness of the standard-setting process; and (3) securing a stable and permanent funding source for the GASB.

OTHER RESOURCES: For more information about the FAF and its approved changes, see the FAF’s [press release](#). Also see Deloitte’s [February 28, 2008, Heads Up](#). ●

FASB’s Valuation Resource Group Discusses Six Topics

AFFECTS: All entities.

SUMMARY: On February 1, 2008, the VRG² met to discuss various implementation and application issues associated with Statement 157, including:

- *Defensive value* — This concept involves valuing and accounting for an asset that an acquiring

¹ As stated on the FASB’s Web site, “The FAF is responsible for the oversight, administration, and finances of both the Financial Accounting Standards Board (FASB) and its counterpart for state and local government, the Governmental Accounting Standards Board (GASB). The Foundation is also responsible for selecting the members of both Boards and their respective Advisory Councils.”

² The VRG was established to provide the FASB staff with information about implementation issues regarding fair value measurements used in financial reporting and the alternative viewpoints associated with those implementation issues. The VRG comprises a cross-section of industry representatives, including financial statement preparers, auditors, and valuation experts. VRG meetings are coordinated by the FASB staff and observed by the SEC, the AICPA, and the PCAOB. The VRG does not make authoritative decisions. Authoritative decisions are subject to the FASB’s normal, open due process, including open deliberation by the Board.

entity does not intend to use in a way that maximizes its potential economic value (e.g., at its highest and best use). The VRG has indicated that certain intangible assets that an entity acquires in a business combination, but does not intend to use, may have value to market participants.

- *Customer relationships* — The VRG discussed whether overlapping customer relationships acquired in a business combination should be recognized as intangible assets apart from goodwill.
- *Effect of taxes on the current replacement cost valuation method* — Under the current replacement cost method of valuing intangible assets, the cost of reproducing or replacing the asset is used in calculating value. The VRG indicated that the calculation should be on a pretax basis (because capital investments are recorded gross of tax). In general, VRG members believe that practitioners may be inappropriately dealing with taxes in their valuations.
- *“Legally permissible” in the highest-and-best-use assessment* — The VRG discussed whether, in an entity’s assessment of the highest and best use, the term “legally permissible” means permissible as of the measurement date, or whether it can be more broadly interpreted to mean permissible in the future. For example, if an entity holds a piece of land that is zoned for residential use as of the measurement date, but the highest and best use of the land is to rezone it to commercial use in the future, which assessment should be used as the highest and best use?
- *Inventory valuation* — The VRG addressed how to determine the fair value of finished goods inventory acquired in a business combination under Statement 157’s exit price notion and highest-and-best-use concept. For example, in a business combination, should inventory be valued at the net realizable value or the retail value?
- *Impact of credit risk in valuing derivative contracts* — The FASB staff began the discussion by presenting four potential methods for allocating the portfolio-based credit adjustment to individual derivatives. The VRG did not discuss in detail the pros and cons of each method, but expressed its view that if an allocation is required under GAAP, guidance that provides a systematic method that is easy to apply would be preferable.

OTHER RESOURCES: Deloitte’s [February 20, 2008, Heads Up](#). ●

FASB Discusses Changes to Defined Benefit Plan Asset Disclosures and Other Matters

AFFECTS: All entities sponsoring defined benefit plans.

SUMMARY: In March, the FASB is expected to issue proposed FSPs amending Statement 132(R) to include fair value disclosures about plan assets held in defined benefit pension or other postretirement plans and to address a disclosure item for nonpublic entities. More specifically, the amendments are expected to:

- Include a principle for disaggregation of plan assets that is based on concentrations of risk.
- Require further disclosure of categories or subcategories of plan assets for which concentrations of risk exist.
- Include disclosures consistent with Statement 157 regarding how fair value measurements for plan assets were derived.
- Include a technical correction to paragraph 8(h) of Statement 132(R) to require nonpublic entities to disclose net periodic benefit cost recognized for each period for which an income statement is presented.

The FASB expects that the revised plan asset disclosure requirements would be effective for years ending after December 15, 2008.

NEXT STEPS: The proposals are expected to be released for a 45-day public comment period. ●

FASB's PCFRC Provides Input on Definitions of "Issuer" and "Nonissuer"

AFFECTS: All entities.

SUMMARY: On February 1, 2008, Judith H. O'Dell, chair of the Private Company Financial Reporting Committee (PCFRC),³ wrote a [letter](#) to the FASB in response to the Board's request for clarification on the term "private company." Ms. O'Dell indicated that the PCFRC believes the best way to differentiate a private company from a public company is by consideration of the terms "nonissuer" and "issuer" (i.e., nonissuer applies to private, issuer to public, companies). The PCFRC indicated that the term "issuer" has already been defined in the United States Code under the Securities Exchange Act of 1934 and the Sarbanes-Oxley Act of 2002 (see definitions below); therefore, entities that do not meet the criteria in these definitions should be classified as nonissuers:

Securities Exchange Act of 1934, Section 3(8)— The term "issuer" means any person who issues or proposes to issue any security; except that with respect to certificates of deposit for securities, voting-trust certificates, or collateral-trust certificates, or with respect to certificates of interest or shares in an unincorporated investment trust not having a board of directors or of the fixed, restricted management, or unit type, the term "issuer" means the person or persons performing the acts and assuming the duties of depositor or manager pursuant to the provisions of the trust or other agreement or instrument under which such securities are issued; and except that with respect to equipment-trust certificates or like securities, the term "issuer" means the person by whom the equipment or property is, or is to be, used.

Sarbanes-Oxley Act of 2002, Section 2(7)— The term "issuer" means an issuer (as defined in section 3 of the Securities Exchange Act of 1934 (15 U.S.C. 78c)), the securities of which are registered under section 12 of that Act (15 U.S.C. 78l), or that is required to file reports under section 15(d) (15 U.S.C. 78o(d)), or that files or has filed a registration statement that has not yet become effective under the Securities Act of 1933 (15 U.S.C. 77a et seq.), and that it has not withdrawn.

Ms. O'Dell pointed out that replacing the terms "public company" and "private company" with "issuer" and "nonissuer," respectively, would help simplify application of accounting standards. (She cited the example of the AICPA's recently released SSARS 17, which replaces these terms throughout the other SSARs.) She noted that although this would "require the scope sections of many standards to be revised . . . this should be less of an issue now that the codification is out for verification." ●

AICPA Developments

AICPA Issues Revisions to Accounting and Review Services Guidance

AFFECTS: Accountants providing accounting and review services.

SUMMARY: On February 13, 2008, the AICPA's Accounting and Review Services Committee issued [SSARS 17](#), which clarifies the scope of, and makes the language consistent throughout, AR Sections 100, 200, 300, and 400, as well as various AICPA Interpretations. SSARS 17 makes amendments in the following areas:

- Compilations and reviews of financial statements.
- Communicating to management and others.
- Change in engagement from audit to review or compilation (or from review to compilation).
- Reporting when one period is audited.
- Replacement of the terms "public entity" and "nonpublic entity" with the terms "issuer" and "nonissuer," respectively.

³ The PCFRC is a FASB advisory panel.

- Changes to certain definitions associated with compilations and reviews.
- Analytical procedures.

NEXT STEPS: This SSARS is effective for compilations and reviews for periods ending on or after December 31, 2008. Early application is permitted. ●

SEC Developments

SEC Issues Disclosure Rules for Smaller Companies

AFFECTS: Small business issuers and nonaccelerated filers.

SUMMARY: The SEC recently adopted new disclosure rules for smaller registrants (i.e., public companies with a public float of less than \$75 million). The new rules will eventually require smaller public companies to file the same forms as their larger counterparts (i.e., they will be required to file using standard forms, such as Form 10-K and Form S-1, rather than the current smaller-company forms, such as Form 10-KSB and Form SB-2). Smaller companies are also eligible to use Form S-3 or F-3 for primary securities offerings if they meet certain criteria (listed on the SEC's Web site).

NEXT STEPS: The disclosure rules are effective as of February 4, 2008. Form S-3 and F-3 eligibility is effective as of January 28, 2008.

OTHER RESOURCES: For more information, see the SEC's [Small Entity Compliance Guide](#). Also see Deloitte's [July 17, 2007, Heads Up](#). ●

SEC Mandates Electronic Filing of Form D

AFFECTS: All entities.

SUMMARY: On February 6, 2008, the SEC issued a [final rule](#) that will require registrants to file information required by Form D⁴ over the Internet. The electronic filings will be easily accessible on the SEC's Web site.

NEXT STEPS: Most provisions of the new rule are effective September 15, 2008; a few other provisions will be phased in. Registrants will be allowed to file Form D electronically or in paper format from September 15, 2008, until March 16, 2009. On March 16, 2009, the electronic filing becomes mandatory.

OTHER RESOURCES: For more information, see Deloitte's [July 17, 2007, Heads Up](#). ●

SEC Votes on Foreign Private Issuer Rule Amendments

AFFECTS: Foreign private issuers.

SUMMARY: On February 13, 2008, the SEC voted to propose [amendments](#) to its disclosure requirements for foreign private issuers. The proposed amendments reflect the push for all-electronic disclosures and the Commission's recent decision to eliminate hard-copy disclosure requirements.

The two sets of proposals (1) enhance the reporting requirements for foreign private issuers and (2) modify the exemption under Rule 12g3-2(b) of the Securities Exchange Act of 1934.

Enhancements to Reporting by Foreign Issuers

These proposed [amendments](#) would do the following:

- Allow foreign private issuers to assess "their eligibility . . . once a year on the last business day

⁴ According to the final rule, "Form D serves as the official notice of an offering of securities made without registration under the Securities Act in reliance on an exemption provided by Regulation D.13. Both public and nonpublic companies file information using this form."

of their second fiscal quarter . . .” rather than continually, as currently required.

- Change the filing deadline for annual reports of foreign private issuers from six months to 90 days after fiscal year-end for large accelerated filers and accelerated filers and to 120 days after fiscal year-end for all other foreign private issuers.
- Amend Item 17 of Form 20-F to remove the accommodation that allows certain foreign private issuers to exclude segment data from their financial statements.
- Update Rule 13e-3 of the Exchange Act regarding “going private transactions by reporting issuers or their affiliates” to reflect recent changes in deregistration and termination of reporting rules for foreign private issuers.

The proposal will also request public feedback on other possible amendments affecting foreign private issuers, including (1) amendments to the Form 20-F disclosure requirements and (2) eliminating the “availability of the limited U.S. GAAP reconciliation option” under Item 17 of Form 20-F.

Amendment to Exchange Act Rule 12g3-2(b) Exemption

This amendment modifies the Rule 12g3-2(b) exemption, which “permits a foreign private issuer to exceed the shareholder thresholds for registration under Exchange Act Section 12(g) and have its equity securities traded on a limited basis in the over-the-counter market in the United States.” Under the proposed [amendment](#), a foreign private issuer would no longer have to submit hard-copy “information concerning its U.S. shareholders, and paper copies of its non-U.S. disclosure documents published since the beginning of its most recently completed fiscal year.” Rather, a foreign private issuer would automatically be granted the exception if it files this information electronically and meets the following requirements:

- The U.S. trading volume for the securities is no more than 20 percent of the issuer’s worldwide trading volume for its most recently completed fiscal year or the issuer is claiming the exemption with its deregistration under Exchange Act Rule 12h-6.
- The securities are listed on one or more exchanges in one or two foreign jurisdictions constituting its primary trading market.
- Certain non-U.S. disclosure documents are published in English either on the issuer’s Web site or via an “electronic information delivery system” that is readily available to those in its primary trading market, unless the issuer is claiming the exemption in connection with a deregistration.
- The entity has no reporting obligations under Section 13(a) or 15(d) of the Exchange Act.

The amendment also proposes transition periods to accommodate those currently applying the exemption.

NEXT STEPS: Comments on the proposed amendments are due by April 25, 2008. ●

SEC Proposes One-Year Deferral of Section 404 Requirement for Smaller Public Companies

AFFECTS: Nonaccelerated filers.

SUMMARY: The SEC is currently conducting a cost-benefit study regarding small businesses and Section 404 of the Sarbanes-Oxley Act of 2002. To give itself time to complete the study, the SEC has released for public comment a [proposed rule](#) that would allow nonaccelerated filers (public companies with a public float of less than \$75 million) a one-year deferral from including an auditor’s attestation report on management’s assessment of internal controls in their annual reports. The effective date would be deferred until fiscal years ending on or after December 15, 2009.

NEXT STEPS: Comments on the proposal are due by March 10, 2008. ●

SEC Proposes Disclosure Requirements for Companies Implementing the Sudan Accountability and Divestment Act of 2007

AFFECTS: Investment companies.

SUMMARY: On February 11, 2008, the SEC issued a [proposed rule](#) that would require registered investment companies to provide disclosures when they divest, under the Sudan Accountability and Divestment Act of 2007,⁵ from the securities of certain issuers that “conduct or have direct investments in certain business operations in Sudan.”

NEXT STEPS: Comments on the proposal are due by March 17, 2008. ●

SEC Financial Reporting Advisory Committee Releases Progress Report

AFFECTS: All entities.

SUMMARY: On February 14, 2008, the SEC Advisory Committee on Improvements to Financial Reporting (CIFiR) released a [progress report](#) summarizing the Committee’s proposals for reducing the complexity in financial reporting and increasing the usefulness of financial information provided to investors.

CIFiR’s proposals cover various processes that affect U.S. public companies (e.g., standard setting, regulatory oversight, delivery of financial information). The report proposes, among other things, that:

- Investors should have more influence over and involvement in the financial reporting system.
- Regulators should respect professional judgments made under an established framework.
- The SEC and FASB should revise the current processes for setting standards and issuing implementation guidance.
- Preparers should communicate decision-useful and timely information to investors.
- Financial statements should be more uniform and should be prepared in accordance with principles-based accounting standards.
- U.S. GAAP and IFRSs should be coordinated.

Of the 12 “developed proposals” in the report, the following are likely to receive a fair amount of publicity in the coming months:

- Creating a formal FASB Agenda Advisory Group.
- Implementing investor pre-reviews of new FASB standards.
- Conducting post-adoption effectiveness reviews of new FASB standards.
- Reducing the number of restatements.
- Increasing the use of professional judgment.
- Phasing in the adoption of XBRL.

NEXT STEPS: CIFiR encourages readers to [submit comments](#) on the progress report and to view the comments of others. In future deliberations, the Committee will consider these comments and will discuss in detail topics that have not yet been covered, such as (1) international convergence; (2) the ideal design of standards (i.e., principles-based vs. rules-based, fair value vs. historical cost); and (3) the interaction between companies, auditors, the SEC, and the PCAOB.

The Committee will continue to hold public meetings between now and early August 2008, when its charter expires. The next meeting is scheduled for March 13–14, 2008, in San Francisco. A final Committee report is expected to be issued to the SEC chairman in August 2008.

OTHER RESOURCES: Deloitte’s [February 19, 2008, Heads Up](#). ●

⁵ On December 31, 2007, the Sudan Divestment Act, which addresses civil, criminal, and administrative protection for investment companies divesting or not investing in Sudan, was passed. The Act requires the SEC to put in place regulations addressing disclosure within 120 days of this date.

SEC Launches “Financial Explorer” to Help Investors Analyze Corporate Performance

AFFECTS: Financial statement users.

SUMMARY: In a February 15, 2008, [press release](#), the SEC announced the launch of the “[Financial Explorer](#)” tool, which is intended to help investors analyze the financial results of public companies. The Financial Explorer tool presents a company’s XBRL financial data in easy-to-read graphs, diagrams, ratios, and charts to help financial statement users understand the company’s overall financial performance. The tool will also make it easier for users to compare companies’ financial performance. ●

PCAOB Developments

PCAOB Proposes New Auditing Standard on Engagement Quality Reviews

AFFECTS: Auditors of public companies.

SUMMARY: On February 26, 2008, the PCAOB released for public comment a [proposed auditing standard](#) on engagement quality reviews and a conforming amendment to the PCAOB’s interim quality-control requirements. This proposal is intended to improve the second-partner review process by addressing the risks, judgments, and results of an audit and identifying any deficiencies before the issuance of the audit report. The proposal focuses on three key areas:

- The type of engagements in which a quality review would be required.
- Qualifications of the engagement quality reviewer.
- The engagement quality review process, including documentation and timing.

The new auditing standard would apply to all engagements performed in accordance with PCAOB standards and would be effective for engagement reports issued on or after December 15, 2008, with early adoption permitted.

NEXT STEPS: Comments on the proposal are due by May 12, 2008. ●

International Developments

IASB Amends Financial Instruments Standard for Puttable Instruments and Obligations Arising on Liquidation

AFFECTS: All entities reporting under IFRSs.

SUMMARY: On February 14, 2008, the IASB released [amendments](#) to IAS 32 regarding the balance sheet classification of puttable financial instruments and obligations arising only on liquidation. IAS 32 currently requires that if an issuer is required to pay or transfer cash or another financial asset in return for redeeming or repurchasing a financial instrument, the instrument is classified as a financial liability. The amendments will require that some financial instruments currently meeting the definition of a financial liability be classified as equity because they represent the residual interest in the net assets of the entity. Under the amendments, such instruments generally will include:

- Puttable instruments that are subordinate to all other classes of instruments and that entitle the holder to a pro rata share of the entity’s net assets in the event of the entity’s liquidation. A puttable instrument is a financial instrument that gives the holder the right to put the instrument back to the issuer for cash or another financial asset or that is automatically put back to the issuer on the occurrence of an uncertain future event or the death or retirement of the instrument holder.

- Instruments, or components of instruments, that are subordinate to all other classes of instruments and that impose on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation.

The Board also amended [IAS 1](#) to add new disclosure requirements relating to puttable instruments and obligations arising on liquidation.

NEXT STEPS: The amendments will be effective for annual periods beginning on or after January 1, 2009, with early adoption permitted.

OTHER RESOURCES: A [press release](#) announcing the amendments is available on the IASB's Web site. ●

FASB Proposes to Narrow Definition of Equity; IASB Issues Discussion Paper Seeking Constituents' Views

AFFECTS: All entities reporting under IFRSs.

SUMMARY: **FASB** — On November 30, 2007, the FASB issued for public comment a Preliminary Views document on how to distinguish liabilities from equity. If adopted, these Preliminary Views could radically change how contracts are classified either as liabilities or assets or as equity.

The FASB has proposed a basic ownership approach because it believes this approach would improve and simplify the current accounting by narrowing the definition of equity. Under this approach, only the most subordinated class of common stock will qualify as equity. Other contracts currently classified as equity (such as preferred stock and certain option and forward contracts on an entity's own equity) would instead be classified as liabilities (or, in some cases, assets). In addition to the basic ownership approach, the Preliminary Views document discusses two alternative views, referred to as the ownership-settlement approach and the reassessed expected outcomes (REO) approach. The ownership-settlement approach is similar to the current concept of equity, except that it calls for separation of the equity and nonequity components of hybrid contracts (such as convertible debt). The REO approach, however, represents a totally different way of identifying, separating, and measuring equity and nonequity components of hybrid and derivative contracts. While the FASB preliminarily rejected these two approaches, it still invites constituents to comment on whether they are preferable to the basic ownership approach.

IASB — In a February 28, 2008, [press release](#), the IASB announced it has published for comment a discussion paper (DP) on financial instruments with characteristics of equity. The DP has two parts: an Invitation to Comment and the FASB's November 2007 Preliminary Views document. The IASB's Invitation to Comment includes background information and invites responses to the questions already included in the FASB document and to a number of additional questions raised by the IASB. IAS 32 is the current IASB standard that addresses the distinction between liabilities and equity. The DP notes two general problems with IAS 32: uncertainties about how the principles in IAS 32 should be applied and, perhaps more significantly, whether application of those principles results in an appropriate distinction between equity instruments and nonequity instruments.

Editor's Note: The IASB has not deliberated any of the three approaches included in the FASB's Preliminary Views document, or any other approaches to distinguishing equity instruments and nonequity, and does not have a preliminary view.

The IASB's DP describes some implications for IFRSs of the three approaches in the FASB document for IFRSs. For instance:

- Significantly fewer instruments would be classified as equity under the basic ownership approach than under IAS 32.
- The ownership-settlement approach would be broadly consistent with the classifications achieved in IAS 32. However, under the ownership-settlement approach, more instruments would be separated into components and fewer derivative instruments would be classified as equity.

The DP's goal is to solicit views on whether the FASB's proposals are a suitable starting point for the IASB's deliberations. If the project is added to the IASB's active agenda (it is currently on the research agenda), the IASB intends to undertake it jointly with the FASB.

NEXT STEPS: Comments on the FASB's proposal are due by May 30, 2008. Comments on the IASB's proposal are due by September 5, 2008.

OTHER RESOURCES: Deloitte's [December 21, 2007, Heads Up](#). ●

Other Developments

Recent Tax Ruling Affects Tax Positions Related to Executive Compensation

AFFECTS: All entities.

SUMMARY: On January 25, 2008, the IRS issued a Private Letter Ruling (PLR) indicating a change in its position on the deductibility of certain forms of executive compensation, such as cash, restricted stock, and restricted stock units. The PLR may have financial reporting implications for both year-end and first-quarter financial statements (for calendar-year-end entities). In addition, the PLR may affect an entity's previous conclusions about the recognition or measurement of past and current tax positions related to compensation arrangements. That is, an entity may determine that a tax position no longer meets the more-likely-than-not threshold in Interpretation 48. Tax professionals should be consulted to determine whether the PLR affects the deductibility of payments (or vesting) under an entity's compensation arrangements.

OTHER RESOURCES: Deloitte's [February 21, 2008, Financial Reporting Alert](#). ●

Appendix A: Recent Meetings

Recent FASB Meetings

To jump to the minutes of a FASB meeting, click a date or link below.

February 6, 2008

The Board discussed the following topics:

- [Proposed FSP FAS 157-a](#).
- [Proposed FSP FAS 157-b](#).
- [Proposed FSP SOP 07-1-a](#).

February 13, 2008

The Board discussed the following topics:

- [Postretirement Benefit Obligations, Including Pensions — Potential FSP to Amend Statement 132\(R\)](#).
- [Agenda Request — SOP 90-7](#).

February 20, 2008

The Board discussed the following topic:

- [Conceptual Framework: Objectives and Qualitative Characteristics, and Reporting Entities](#).

February 27, 2008

This meeting was canceled. The next meeting is scheduled for March 5, 2008.

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 ASB Meetings

No ASB meeting was held in February 2008. The next meeting is scheduled for May 6–8, 2008.

Recent AcSEC Meetings

No AcSEC meeting was held in February 2008. The next meeting is scheduled for March 18–19, 2008.

Recent FASAB Meetings

February 13–14, 2008

The FASAB discussed the following topics:

- Technical Agenda Setting.
- Measurement Attributes.
- Natural Resources.
- FY2007 Financial Report of the U.S. Government.

- Reporting Gains and Losses From Changes in Assumptions and Selecting Discount Rates and Valuation Dates.
- Appropriate Sources for GAAP.
- Financial Reporting Model — Communication Methods.
- Fiscal Sustainability.

The [agenda](#) is available on the FASAB's Web site.

The next meeting is scheduled for April 16–17, 2008.

Recent IASB Meetings

February 19–21, 2008

The IASB discussed the following topics:

- Annual Improvements Process.
- Conceptual Framework.
- Insurance Contracts.
- Liabilities: Amendments to IAS 37.
- Postemployment Benefits.

The [agenda](#) and [agenda materials](#) are available on the IASB's Web site.

The next meeting is scheduled for March 10–14, 2008.

Recent IFRIC Meetings

No IFRIC meeting was held in February 2008. The next meeting is scheduled for March 6–7, 2008.

The [agenda](#) is available on the IASB's Web site.

Recent GASB Meetings

No GASB meeting was held in February 2008. The next meeting is scheduled for March 4–6, 2008.

The [agenda](#) is available on the GASB's Web site.

Appendix B: Significant Adoption Dates and Deadlines

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

FASB	Status
Significant Adoption Dates	
Statement 160, <i>Noncontrolling Interests in Consolidated Financial Statements</i> — an amendment of ARB No. 51	Effective for fiscal years, and interim periods within those fiscal years, beginning on or after December 15, 2008. The standard should be applied prospectively. Presentation and disclosure requirements should be applied retrospectively to comparative financial statements. Earlier adoption is prohibited.
Statement 159, <i>The Fair Value Option for Financial Assets and Financial Liabilities</i> — including an amendment of FASB Statement No. 115	Effective as of the beginning of the entity's first fiscal year that begins after November 15, 2007. Early adoption is permitted as of the beginning of a fiscal year that begins on or before November 15, 2007, provided that the entity (1) also adopts the requirements of Statement 157 concurrently with or prior to the adoption of this Statement, (2) makes that choice within 120 days of the beginning of the fiscal year of adoption, and (3) at the time the entity chooses to early adopt, the entity has not yet issued financial statements, including required notes to those financial statements, for any interim period of the fiscal year that included the early adoption date.
Statement 158, <i>Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans</i> — an amendment of FASB Statements No. 87, 88, 106, and 132(R)	Recognition of the asset and liability related to funded status of a plan and disclosures: <ul style="list-style-type: none"> • For entities with publicly traded equity securities, effective for fiscal years ending after December 15, 2006. • For all other entities, effective for fiscal years ending after June 15, 2007. For all entities, change in measurement date is effective for fiscal years ending after December 15, 2008.
Statement 157, <i>Fair Value Measurements</i>	Effective for fiscal years beginning after November 15, 2007, and interim periods within those years. Earlier adoption is permitted, provided that no financial statements have yet been issued within that fiscal year. FSP FAS 157-2 defers the Statement's effective date for certain nonfinancial assets and liabilities to fiscal years beginning after November 15, 2008, and interim periods within those years.
Statement 141(R), <i>Business Combinations</i>	Effective prospectively for fiscal years beginning on or after December 15, 2008. Earlier adoption is prohibited.
Interpretation 48, <i>Accounting for Uncertainty in Income Taxes</i> — an interpretation of FASB Statement No. 109	For public entities, effective for fiscal years beginning after December 15, 2006. For all other entities, FSP FIN 48-2 defers the effective date until fiscal years beginning after December 15, 2007.
FSP FAS 158-1, "Conforming Amendments to the Illustrations in FASB Statements No. 87, No. 88, and No. 106 and to the Related Staff Implementation Guides"	Effective concurrently with the requirements of Statement 158.
FSP FAS 157-2, "Effective Date of FASB Statement No. 157"	Effective February 12, 2008.
FSP FAS 157-1, "Application of FASB Statement No. 157 to FASB Statement No. 13 and Other Accounting Pronouncements That Address Fair Value Measurements for Purposes of Lease Classification or Measurement Under Statement 13"	Effective upon the initial adoption of Statement 157.
FSP FAS 140-3, "Accounting for Transfers of Financial Assets and Repurchase Financing Transactions"	Effective for financial statements issued for fiscal years beginning after November 15, 2008, and interim periods within those fiscal years. Earlier application is not permitted.
FSP FIN 48-2, "Effective Date of FASB Interpretation No. 48 for Certain Nonpublic Enterprises"	Effective February 1, 2008.
FSP FIN 48-1, "Definition of <i>Settlement</i> in FASB Interpretation No. 48"	Effective upon the initial adoption of Interpretation 48.

FSP FIN 46(R)-7, "Application of FASB Interpretation No. 46(R) to Investment Companies"	The effective date for applying the provisions of Interpretation 46 or Interpretation 46(R) is deferred for investment companies that are not subject to SEC Regulation S-X, Rule 6-03(c)(1), but that are currently accounting for their investments in accordance with the specialized accounting guidance in the AICPA Audit and Accounting Guide, <i>Investment Companies</i> , until the date that the investment company initially adopts AICPA Statement of Position 07-1, <i>Clarification of the Scope of the Audit and Accounting Guide Investment Companies and Accounting by Parent Companies and Equity Method Investors for Investments in Investment Companies</i> . An entity that is required to discontinue application of the specialized accounting in the Guide as a result of adoption of SOP 07-1 is subject to the provisions of Interpretation 46(R) at that time. Paragraph 4(e) of FASB Interpretation No. 46(R), <i>Consolidation of Variable Interest Entities</i> , states that "[i]nvestments accounted for at fair value in accordance with the specialized accounting guidance in the AICPA Audit and Accounting Guide, <i>Investment Companies</i> , are not subject to consolidation according to the requirements of this Interpretation." [Footnote omitted] Accordingly, an entity that meets the definition of an investment company after adoption of SOP 07-1 should continue to apply the specialized accounting in the Guide to its investments.
FSP FIN 39-1, "Amendment of FASB Interpretation No. 39"	Effective for fiscal years beginning after November 15, 2007.
FSP SOP 07-1-1, "Effective Date of AICPA Statement of Position 07-1"	Effective as of December 15, 2007.
Implementation Issue E23, "Issues Involving the Application of the Shortcut Method Under Paragraph 68"	Effective for hedging relationships designated on or after January 1, 2008.
Projects in Request-for-Comment Stage	
Proposed FSP SOP 90-7-a, "An Amendment of AICPA Statement of Position 90-7"	Comments due March 28, 2008.
Proposed FSP FAS 117-a, "Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures"	Comments due April 18, 2008.
Preliminary Views, <i>Financial Instruments With Characteristics of Equity</i>	Comments due May 30, 2008.
EITF	Status
Significant Adoption Dates	
Issue 07-1, "Accounting for Collaborative Arrangements"	This Issue is effective for fiscal years beginning after December 15, 2008.
Issue 07-6, "Accounting for the Sale of Real Estate Subject to the Requirements of FASB Statement No. 66, Accounting for Sales of Real Estate, When the Agreement Includes a Buy-Sell Clause"	This Issue should be applied prospectively to new arrangements entered into, and assessments performed, in fiscal years beginning after December 15, 2007, and interim periods within those fiscal years. Early application is not permitted.
Issue 07-3, "Accounting for Nonrefundable Advance Payments for Goods or Services to Be Used in Future Research and Development Activities"	Effective for fiscal years beginning after December 15, 2007, and interim periods within those fiscal years. Apply prospectively to new contracts entered into on, or after, the effective date.
Issue 06-11, "Accounting for Income Tax Benefits of Dividends on Share-Based Payment Awards"	Apply prospectively to the income tax benefits of dividends declared on affected securities in fiscal years beginning after December 15, 2007, and interim periods within those fiscal years. Earlier application is permitted as of the beginning of a fiscal year for which interim or annual financial statements have not been issued.
Issue 06-10, "Accounting for Collateral Assignment Split-Dollar Life Insurance Arrangements"	Effective for fiscal years beginning after December 15, 2007, including interim periods within those fiscal years. Earlier application is permitted.
Issue 06-8, "Applicability of the Assessment of a Buyer's Continuing Investment Under FASB Statement No. 66, <i>Sales of Real Estate</i> , for Sales of Condominiums"	Effective for first annual reporting period beginning after March 15, 2007.
Issue 06-4, "Accounting for Deferred Compensation and Postretirement Benefit Aspects of Endorsement Split-Dollar Life Insurance Arrangements"	Effective for fiscal years beginning after December 15, 2007.
Issue 06-1, "Accounting for Consideration Given by a Service Provider to a Manufacturer or Reseller of Equipment Necessary for an End-Customer to Receive Service From the Service Provider"	Effective for fiscal years beginning after June 15, 2007.

AICPA/AcSEC	Status
Significant Adoption Dates	
SOP 07-1, <i>Clarification of the Scope of the Audit and Accounting Guide Investment Companies and Accounting by Parent Companies and Equity Method Investors for Investments in Investment Companies</i>	FSP SOP 07-1-1 indefinitely delays the effective date of SOP 07-1.
SSARS 17, <i>Omnibus Statement on Standards of Accounting and Review Services — 2008</i>	Effective for compilations and reviews for periods ending on or after December 31, 2008, with early adoption permitted.
SSARS 16, <i>Defining Professional Requirements in Statements on Standards for Accounting and Review Services</i>	Effective December 18, 2007.
SSARS 15, <i>Elimination of Certain References to Statements on Auditing Standards and Incorporation of Appropriate Guidance Into Statements on Standards for Accounting and Review Services</i>	Effective for periods ending on or after December 15, 2007.
AICPA <i>Professional Standards</i> , ET Section 100.01, "Conceptual Framework for AICPA Independence Standards"	Effective April 30, 2007.
AICPA Auditing Interpretation, Section 325, <i>Communicating Deficiencies in Internal Control Over Compliance in an Office of Management and Budget (OMB) Circular A-133 Audit</i>	Effective immediately (June 2007).
SSVS 1, <i>Valuation of a Business, Business Ownership Interest, Security, or Intangible Asset</i>	Effective for engagements accepted on or after January 1, 2008.
SEC	Status
Significant Adoption Dates	
SAB 110, codified as part of SAB Topic 14.D.2, "Share-Based Payment: Certain Assumptions Used in Valuation Methods — Expected Term"	Effective January 1, 2008.
SAB 109, <i>Written Loan Commitments Recorded at Fair Value Through Earnings</i>	Apply prospectively to commitments issued or modified in fiscal quarters beginning after December 15, 2007.
Final Rule, <i>Electronic Shareholder Forums</i>	Effective February 25, 2008.
Final Rule, <i>Revisions to the Eligibility Requirements for Primary Securities Offerings on Forms S-3 and F-3</i>	The amendments to Forms S-3 and F-3 become effective January 28, 2008. The phase-in period for Form D electronic filing will begin on September 15, 2008, and will become mandatory on March 16, 2009.
Final Rule, <i>Electronic Filing and Revision of Form D Information</i>	Effective September 15, 2008.
Final Rule, <i>Acceptance From Foreign Private Issuers of Financial Statements Prepared in Accordance With International Financial Reporting Standards Without Reconciliation to U.S. GAAP</i>	Effective March 4, 2008. Foreign private issuers filing under IFRSs that have a fiscal year ending after November 15, 2007, and that want to exclude U.S. GAAP information from their filing, should contact the SEC staff in the Division of Corporation Finance if they want to file before the March 4, 2008, effective date.
Final Rule, <i>Prohibition of Fraud by Advisers to Certain Pooled Investment Vehicles</i>	Effective September 10, 2007.
Final Rule, <i>Adoption of Updated EDGAR Filer Manual</i>	Effective August 20, 2007.
Final Rule, <i>Definition of the Term Significant Deficiency</i>	Effective September 10, 2007.
Final Rule, <i>Shareholder Choice Regarding Proxy Materials</i>	Effective January 1, 2008, except Sections 240.14a-16(d)(3) and 240.14a-16(j)(3), which were effective October 1, 2007.
Final Rule, <i>Extension of Interactive Data Voluntary Reporting Program on the EDGAR System to Include Mutual Fund Risk/Return Summary Information</i>	Effective August 20, 2007.
Final Rule, <i>Amendments to Rules Regarding Management's Report on Internal Control Over Financial Reporting</i>	Effective August 27, 2007, except the amendment to Section 210.2-02T, which is effective from August 27, 2007, until June 30, 2009.
Final Rule, <i>Covered Securities Pursuant to Section 18 of the Securities Exchange Act of 1933</i>	Effective May 24, 2007.
Final Rule, <i>Termination of a Foreign Private Issuer's Registration of a Class of Securities Under Section 12(g) and Duty to File Reports Under Section 13(a) or 15(d) of the Securities Exchange Act of 1934</i>	Effective June 4, 2007.

Final Rule, <i>Internal Control Over Financial Reporting in Exchange Act Periodic Reports of Non-Accelerated Filers and Newly Public Companies</i>	For nonaccelerated filers, auditor's attestation report on internal control over financial reporting must be included with annual reports for fiscal years ending on or after December 15, 2008. Management's report is required for fiscal years ending on or after December 15, 2007. For a newly public company, the requirement to provide either a management assessment of internal control over financial reporting or an auditor attestation report will be effective when the company files its second annual report with the SEC.
Final Rule, <i>Internal Control Over Financial Reporting in Exchange Act Periodic Reports of Foreign Private Issuers That Are Accelerated Filers</i>	For foreign private issuers that are accelerated filers (but not large accelerated filers), the auditor's attestation report on internal control over financial reporting must be included with annual reports for fiscal years ending on or after July 15, 2007. Management's report is required for fiscal years ending on or after July 15, 2006.
Final Rule, <i>Delegation of Authority to the Director of the Division of Corporation Finance</i>	Effective February 7, 2008.
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 that file annual reports on Form 20-F or Form 40-F.
Final Rule, <i>Internet Availability of Proxy Materials</i>	Effective March 30, 2007. Issuers may not send a Notice of Internet Availability of Proxy Materials to shareholders before July 30, 2007.
Projects in Request-for-Comment Stage	
Proposed Rule, <i>Internal Control Over Financial Reporting in Exchange Act Periodic Reports of Non-Accelerated Filers</i>	Comments due March 10, 2008.
Proposed Rule, <i>Disclosure of Divestment by Registered Investment Companies in Accordance With Sudan Accountability and Divestment Act of 2007</i>	Comments due March 17, 2008.
Proposed Rule, <i>Exemption From Registration Under Section 12(g) of the Securities Exchange Act of 1934 for Foreign Private Issuers</i>	Comments due April 25, 2008.
PCAOB	Status
Significant Adoption Dates	
Auditing Standard 5, <i>An Audit of Internal Control Over Financial Reporting That Is Integrated With an Audit of Financial Statements</i>	Effective for audits of fiscal years ending on or after November 15, 2007. Earlier adoption is permitted. Auditors who elect to comply with Auditing Standard 5 before its effective date must also comply, at the same time, with PCAOB Rule 3525 and other PCAOB standards as amended by this release.
Rule 3525, <i>Audit Committee Pre-Approval of Non-Audit Services Related to Internal Control Over Financial Reporting</i>	Effective for audits of internal control for periods ending on or after November 15, 2007.
Rule 3524, <i>Audit Committee Pre-Approval of Certain Tax Services</i>	Rule will not apply to any tax service preapproved on an engagement-by-engagement basis before June 18, 2006. With respect to tax services provided to audit clients whose audit committees preapprove 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 during the professional engagement period pursuant to an engagement in process as of April 19, 2006, as long as such services are completed on or before October 31, 2006. Rule will not apply to tax services being provided on or before July 31, 2007, as long as those services were performed during the audit period and completed before the beginning of the professional engagement period.
Document, <i>Order Approving Proposed Rule Change and Amendment No. 1 Thereto Relating to Inspections</i>	Effective November 2, 2007.
Project in Request-for-Comment Stage	
PCAOB Proposed Auditing Standard, <i>Engagement Quality Review and Conforming Amendment to the Board's Interim Quality Control Standards</i>	Comments due May 12, 2008.

GASB/GAO	Status
Significant Adoption Dates	
Statement 52, <i>Land and Other Real Estate Held as Investments by Endowments</i>	Effective for periods beginning after June 15, 2008. Early adoption is encouraged.
Statement 51, <i>Accounting and Financial Reporting for Intangible Assets</i>	Effective for periods beginning after June 15, 2009.
Statement 50, <i>Pension Disclosures</i>	Generally effective for periods beginning after June 15, 2007, with early adoption encouraged. For governments using the aggregate actuarial cost method, related provisions are effective for financial statements and required supplementary information that contains information from actuarial valuations as of June 15, 2007, or later.
Statement 49, <i>Accounting and Financial Reporting for Pollution Remediation Obligations</i>	Effective for financial statements for periods beginning after December 15, 2007.
Statement 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.
Statement 43, <i>Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans</i>	Effective one year before the effective date of GASB Statement 45 for the employer in a single-employer plan or the largest participating employer in a multiple-employer plan.
Concepts Statement 4, <i>Elements of Financial Statements</i>	Effective June 2007.
FASAB	Status
Significant Adoption Dates	
Technical Bulletin 2006-1, <i>Recognition and Measurement of Asbestos-Related Cleanup Costs</i>	Effective for periods beginning after September 30, 2009.
Statement 31, <i>Accounting for Fiduciary Activities</i>	Effective for periods beginning after September 30, 2008.
Interpretation 7, <i>Items Held for Remanufacture</i>	Effective March 16, 2007.
Technical Release 7, <i>Clarification of Standards Relating to the National Aeronautics and Space Administration's Space Exploration Equipment</i>	Effective May 25, 2007.
Concepts Statement 5, <i>Definitions of Elements and Basic Recognition Criteria for Accrual-Basis Financial Statements</i>	Effective December 26, 2007.
IASB/IFRIC	Status
Significant Adoption Dates	
IFRS 3 (revised), <i>Business Combinations</i>	Business combinations in annual financial statements beginning on or after July 1, 2009. Early adoption is permitted provided that the standard is applied with IAS 27; the revised IFRS 3 is not applied in an accounting period beginning before June 30, 2007; and early adoption is disclosed.
Amendments to IFRS 2, <i>Share-based Payment — Vesting Conditions and Cancellations</i>	Effective for annual periods beginning on or after January 1, 2009.
IAS 27 (revised), <i>Consolidated and Separate Financial Statements</i>	Early adoption is permitted provided that the standard is applied with IFRS 3; the revised IFRS 3 is not applied in an accounting period beginning before June 30, 2007; and early adoption is disclosed.
IFRS 8, <i>Operating Segments</i>	Effective for annual periods beginning on or after January 1, 2009.
Amendments to IAS 32, <i>Financial Instruments: Presentation</i> , and IAS 1, <i>Presentation of Financial Statements</i>	Effective for annual periods beginning on or after January 1, 2009, with early adoption permitted.
Amendment to IAS 23, <i>Borrowing Costs</i>	Effective for annual periods beginning on or after January 1, 2009.
IFRIC Interpretation 14, <i>IAS 19 — The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction</i>	Effective for annual periods beginning on or after January 1, 2008.
IFRIC Interpretation 13, <i>Customer Loyalty Programmes</i>	Effective for annual periods beginning on or after July 1, 2008.
IFRIC Interpretation 12, <i>Service Concession Arrangements</i>	Effective for annual periods beginning on or after January 1, 2008.
IFRIC Interpretation 11, <i>IFRS 2 — Group and Treasury Share Transactions</i>	Effective for annual periods beginning on or after March 1, 2007.

Projects in Request-for-Comment Stage	
Exposure Draft, <i>Amendments to IFRS 2 and IFRIC 11: Group Cash-settled Share-based Payment Transactions</i>	Comments due March 17, 2008.
IFRIC Draft Interpretation D23, <i>Distributions of Non-cash Assets to Owners</i>	Comments due April 25, 2008.
IFRIC Draft Interpretation D24, <i>Customer Contributions</i>	Comments due April 25, 2008.
Discussion Paper, <i>Financial Instruments With Characteristics of Equity</i>	Comments due September 5, 2008.

Appendix C: Glossary of Standards

FASB Statement No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities* — including an amendment of FASB Statement No. 115

FASB Statement No. 157, *Fair Value Measurements*

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

FASB Statement No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets*

FASB Statement No. 141(R), *Business Combinations*

FASB Statement No. 141, *Business Combinations*

FASB Statement No. 140, *Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities* — a replacement of FASB Statement No. 125

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

FASB Statement No. 132(R), *Employers' Disclosures About Pensions and Other Postretirement Benefits* — an amendment of FASB Statements No. 87, 88, and 106

FASB Statement No. 13, *Accounting for Leases*

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

FASB Interpretation No. 21, *Accounting for Leases in a Business Combination* — an interpretation of FASB Statement No. 13

FASB Staff Position No. FAS 157-2, "Effective Date of FASB Statement No. 157"

FASB Staff Position No. FAS 157-1, "Application of FASB Statement No. 157 to FASB Statement No. 13 and Other Accounting Pronouncements That Address Fair Value Measurements for Purposes of Lease Classification or Measurement Under Statement 13"

FASB Staff Position No. FAS 140-3, "Accounting for Transfers of Financial Assets and Repurchase Financing Transactions"

FASB Staff Position No. SOP 07-1-1, "Effective Date of AICPA Statement of Position 07-1"

Proposed FASB Staff Position No. FAS 157-b, "Effective Date of FASB Statement No. 157"

Proposed FASB Staff Position No. FAS 157-a, "Application of FASB Statement No. 157 to FASB Statement 13 and Other Accounting Pronouncements That Address Fair Value Measurements for Purposes of Lease Classification or Measurement Under Statement 13"

Proposed FASB Staff Position No. FAS 117-a, "Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures"

Proposed FASB Staff Position No. SOP 07-1-a, "Effective Date of AICPA Statement of Position 07-1"

Proposed FASB Staff Position No. SOP 90-7-a, "An Amendment of AICPA Statement of Position 90-7"

AICPA Statement of Position 07-1, *Clarification of the Scope of the Audit and Accounting Guide Investment Companies and Accounting by Parent Companies and Equity Method Investors for Investments in Investment Companies*

AICPA Statement of Position 90-7, *Financial Reporting by Entities in Reorganization Under the Bankruptcy Code*

AICPA *Professional Standards*, AR Section 100, "Compilation and Review of Financial Statements"

AICPA *Professional Standards*, AR Section 200, "Reporting on Comparative Financial Statements"

AICPA *Professional Standards*, AR Section 300, "Compilation Reports on Financial Statements Included in Certain Prescribed Forms"

AICPA *Professional Standards*, AR Section 400, "Communications Between Predecessor and Successor Accountants"

AICPA Statement on Standards for Accounting and Review Services No. 17, *Omnibus Statement on Standards for Accounting and Review Services — 2008*

SEC Final Rule, *Electronic Filing and Revision of Form D*

SEC Proposed Rule, *Exemption From Registration Under Section 12(g) of the Securities Exchange Act of 1934 for Foreign Private Issuers*

SEC Proposed Rule, *Internal Control Over Financial Reporting in Exchange Act Periodic Reports of Non-Accelerated Filers*

SEC Proposed Rule, *Disclosure of Divestment by Registered Investment Companies in Accordance With Sudan Accountability and Divestment Act of 2007*

SEC Other Release, *Progress Report of the SEC Advisory Committee on Improvements to Financial Reporting*

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

IAS 32, *Financial Instruments: Presentation*

IAS 1, *Presentation of Financial Statements*

Appendix D: Abbreviations

AcSEC	Accounting Standards Executive Committee	IASB	International Accounting Standards Board
AICPA	American Institute of Certified Public Accountants	IFRIC	International Financial Reporting Interpretations Committee
ARB	Accounting Research Bulletin	IFRS	International Financial Reporting Standard
ASB	Auditing Standards Board	IRS	Internal Revenue Services
CIFIR	SEC Advisory Committee on Improvements to Financial Reporting	PCAOB	Public Company Accounting Oversight Board
DP	discussion paper	PCFRC	Private Company Financial Reporting Committee
EDGAR	Electronic Data Gathering, Analysis, and Retrieval	PLR	Private Letter Ruling
EITF	Emerging Issues Task Force	REO	reassessed expected outcomes
FAF	Financial Accounting Foundation	SAB	Staff Accounting Bulletin
FAS	Financial Accounting Standard	SEC	Securities and Exchange Commission
FASAB	Federal Accounting Standards Advisory Board	SOP	Statement of Position
FASB	Financial Accounting Standards Board	SSARS	Statement on Standards for Accounting and Review Services
FIN	FASB Interpretation	SSVS	Statement on Standards for Valuation Services
FSP	FASB Staff Position	UPMIFA	Uniform Prudent Management of Institutional Funds Act of 2006
GAAP	generally accepted accounting principles	VRG	Valuation Resource Group
GAO	Government Accountability Office	XBRL	extensible business reporting language
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.aicpa.org (AICPA); www.sec.gov (SEC); www.fasab.gov (FASAB); www.gasb.org (GASB); and www.iasb.org — or on www.iasplus.com/index.htm (IASB and IFRIC).

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