

# 2006 Annual Survey

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## *Priorities of the Financial Accounting Standards Board*

July 2006



Financial Accounting Standards Advisory Council

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**2006 SURVEY ON THE PRIORITIES OF THE FASB**

Financial Accounting Standards Advisory Council  
July 2006



This survey solicits Council members' views on:

- ◆ The FASB's priorities
- ◆ Future financial reporting issues
- ◆ International convergence
- ◆ Educational efforts.

Your response is requested no later than **Thursday, August 31, 2006.**

Please respond to this survey in one of the following ways:

- ◆ Via e-mail to [tspolley@f-a-f.org](mailto:tspolley@f-a-f.org)
- ◆ Via fax to the attention of Terri Polley, (203) 849-9714
- ◆ Via regular or express mail to:  
Terri Polley  
Executive Director, FASB Advisory Groups  
Financial Accounting Standards Advisory Council  
401 Merritt 7, Box 5116  
Norwalk, CT 06856-5116

Please provide the following information with your response. Respondents' names and affiliations are included in the summary of responses to the survey.

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Company: \_\_\_\_\_

Address: \_\_\_\_\_

Phone: \_\_\_\_\_

E-mail address: \_\_\_\_\_

**Section A—The FASB's Priorities**

The Board believes it is appropriate to take a fresh look at its agenda each year. Consider the accounting and financial reporting issues that are the most challenging for entities, boards of directors, and investors right now. If the FASB was setting its agenda today, what are the five most important issues the Board should address? Please be as specific as possible and give the reasons for your response.

The Board's July 2006 technical plan provides details on the items currently on the Board's agenda and may be helpful as a reference tool. You can access the technical plan on the FASB website, [www.fasb.org/project/index.shtml](http://www.fasb.org/project/index.shtml). The technical plan chart also is included in this survey document in the appendix on page 10. [Note: On July 19, the FASB formally added to its agenda a joint project with the International Accounting Standards Board (IASB) to reconsider the current accounting standards for leases. The addition of that project is not reflected on the chart.]

If you do refer to the technical plan, please consider both major projects as well as technical application and implementation projects in formulating your response. Your response, however, is not limited to the topics included in the current technical plan. If there are other topics that you believe the Board should address beyond what is currently on its agenda, that input would be very helpful.

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Are there projects currently on the Board's agenda that should be removed so that the Board can devote resources to other identified priorities? If so, please identify the project (or projects) that you believe should be removed from the Board's agenda.

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**Section B—Future Financial Reporting Issues**

In Section A, the survey asked for views on the most important accounting and financial reporting issues that the Board should have on its agenda now. The Board also wants to look to the future and become aware of potential financial reporting issues before practices become entrenched.

In what specific areas do you foresee potential accounting and financial reporting issues?

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Are there specific business, industry, or economic trends that might give rise to financial reporting issues? What are they?

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### Section C—International Convergence

In February of this year, the FASB and the IASB published a memorandum of understanding that affirms the Boards' shared objective of developing high-quality, common accounting standards for use in the world's capital markets. Both the FASB and the IASB believe that a common set of high-quality accounting standards will enhance the consistency, comparability, and efficiency of financial statements, enabling global markets to operate more effectively.

Do you support the notion of international convergence of accounting standards? Why or why not?

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Assume that the FASB and the IASB achieve the goal of converging standards at some point in the future. What would be the role of the FASB in a world of converged accounting standards?

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Consider the following: The FASB identifies an area in financial reporting that needs significant improvement. The FASB estimates that it could issue a non-converged final standard in four years that would result in a significant improvement to U.S. financial reporting. An internationally converged standard would take seven years to complete. How heavily should the Board weigh timely improvement to U.S. standards versus international convergence in determining its own standard-setting priorities? Is it ever appropriate to forgo or delay convergence if a pressing need exists domestically?

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**Section D—Educational Efforts**

The last several years have been challenging times for all participants in the financial reporting process, with many changes to accounting and disclosure requirements put forth by the FASB, the SEC, and others, and more to come in the future as the FASB addresses topics such as the conceptual framework, lease accounting, and revenue recognition (among others). In many of the FASB's current projects, the Board is attempting to explore new approaches and develop new concepts to address both long-standing and newly identified issues.

What can the Board do to help ensure that today's and tomorrow's accountants are prepared for new concepts in accounting standards?

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Beyond including implementation guidance and examples in final standards, what role should the Board have in developing training or educational materials for participants in the financial reporting process?

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**Board Projects as of July 2006**

	2006			2007	
	3Q	4Q	1Q	2Q	2H
<b>CONCEPTUAL FRAMEWORK PROJECT—</b>					
<b>Joint FASB/IASB Project:</b>					
Objectives and Qualitative Characteristics (Phase A) Elements and Recognition, (Phase B) Measurement (Phase C) Reporting Entity (Phase D)		<b>C</b>		<b>PV I PV</b>	<b>E</b>
<b>MAJOR STANDARDS PROJECTS—Joint FASB/IASB Projects:</b>					
<b>Business Combinations:</b> Applying the Acquisition Method Noncontrolling Interests				<b>F F PV</b>	
<b>Financial Instruments: Liabilities and Equity</b>					
<b>Financial Statement Presentation</b>			<b>PV</b>		
<b>Revenue Recognition/Liability Extinguishment</b>				<b>PV</b>	
<b>Short-Term International Convergence:</b> Earnings per Share Income Taxes Research and Development		<b>E</b>			<b>F</b>
<b>MAJOR STANDARDS PROJECTS—FASB-Only Projects:</b>					
<b>Mergers and Acquisitions by a Not-for-Profit Organization:</b> Mergers and Acquisitions Goodwill and Other Intangible Assets Acquired in a Merger or Acquisition	<b>E E</b>				
<b>Postretirement Benefit Obligations including Pensions (Phase 1)</b>	<b>F</b>				
<b>Subsequent Events</b>					
<b>TECHNICAL APPLICATION AND IMPLEMENTATION PROJECTS:</b>					
<b>Statement 140—Transfers of Financial Assets</b>					<b>F</b>
<b>Fair Value Option (Phase 1)</b>			<b>F</b>		
<b>Derivatives Disclosures</b>	<b>E</b>				<b>F</b>
<b>Insurance Risk Transfer</b>	<b>C</b>				
<b>FASB Staff Positions, Research, and Other Activities:</b>					
Measurement of Nonfinancial Assets and Nonfinancial Liabilities in Business Combinations and Impairment Evaluations	<b>E</b>	<b>F</b>			
Financial Guarantee Insurance		<b>E</b>	<b>F</b>		
Registration Payment Arrangements (formerly Statement 133 Implementation Issue—Registration Rights)	<b>E</b>	<b>F</b>			
Statement 140—Servicer Discretion		<b>E</b>	<b>F</b>		
Planned Major Maintenance Activities	<b>F</b>				
Revision of the Definition of a Public Entity in a Conduit Borrowing Agreement	<b>F</b>				
Amendment of FSP FAS 123(R)-1	<b>F</b>				
Amendment of Statement 123(R)—Technical Corrections	<b>E</b>	<b>F</b>			
Application of FIN 46(R) to Investment Companies	<b>E</b>	<b>F</b>			
Participating Securities	<b>E</b>	<b>F</b>			
Assets Retirement Obligations to Be Settled in a Foreign Currency	<b>E</b>	<b>F</b>			
Offsetting Cash Collateral against Secured Obligations	<b>E</b>	<b>F</b>			
Statement 133 Implementation Issue—Hedging Foreign Exchange Risk for a Forecasted Foreign Currency-Denominated Debt Issuance	<b>E</b>	<b>F</b>			
Statement 133 Implementation Issue—Cash Flows Hedges of Variable-Rate Assets and Liabilities	<b>E</b>	<b>F</b>			
Statement 133 Implementation Issue—Convertible Debt with Foreign Exchange Risk		<b>E</b>	<b>F</b>		
Statement 133 Implementation Issue—Clarification of the Application of the Shortcut Method			<b>E</b>	<b>F</b>	
<b>OTHER TECHNICAL ACTIVITIES:</b>					
<b>GAAP Hierarchy</b>					

**Codes:** **C** - Comment Period **E** - Exposure Document **F** - Final Document **I** - Initial Due Process Document **PV** - Preliminary Views