

# Accounting Roundup

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## FASB Developments

### FASB Issues Proposed FSP FIN 46(R)-d

The FASB issued proposed FSP FIN 46(R)-d.<sup>1</sup> The proposed FSP's objective is to provide an exception to the scope of Interpretation 46(R).<sup>2</sup> The exception would apply to investments accounted for at fair value in accordance with the specialized accounting guidance in the AICPA's Audit and Accounting Guide, *Investment Companies*.

Interpretation 46(R) indefinitely defers its effective date for investment companies that are not subject to SEC Regulation S-X, Rule 6-03(c)(1), but that are accounting for their investments in accordance with the specialized accounting guidance in the *Investment Companies* guide. The Board indicated in Interpretation 46(R) that it would consider modifying the Interpretation to provide a scope exception upon the issuance of a Statement of Position (SOP) by the AICPA.

The AICPA has finalized an SOP, *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*. The Board decided that the SOP would be effective in limiting the use of the specialized accounting in the *Investment Companies* guide to appropriate facts and circumstances. The effective date of the proposed FSP will be upon initial adoption of the final SOP. The transition guidance in paragraph 57 of the SOP should be applied for this FSP as well. Comments are due by December 22, 2006. The text of [proposed FSP FIN 46\(R\)-d](#) is available on the FASB's Web site.

### Tentative Guidance on Statement 133 Implementation Issue

The FASB issued tentative guidance in Implementation Issue B40<sup>3</sup> to provide a narrow scope exception from paragraph 13(b) of Statement 133.<sup>4</sup> The exception would apply to securitized interests that contain only an embedded derivative

<sup>1</sup> Proposed FASB Staff Position No. FIN 46(R)-d, "Application of FASB Interpretation No. 46(R) to Investment Companies."

<sup>2</sup> FASB Interpretation No. 46(R), *Consolidation of Variable Interest Entities*.

<sup>3</sup> Statement 133 Implementation Issue No. B40, "Embedded Derivatives: Application of Paragraph 13(b) to Securitized Interests in Prepayable Financial Assets."

<sup>4</sup> FASB Statement No. 133, *Accounting for Derivative Instruments and Hedging Activities*.

that is tied to the prepayment risk of the underlying prepayable financial assets and that meets the following criteria:

- The right to accelerate the settlement of the securitized interest cannot be controlled by the investor.
- The underlying financial assets do not contain an embedded derivative that requires bifurcation.
- The securitized interest itself does not contain an embedded derivative (including an interest rate related derivative) for which bifurcation would be required, other than an embedded derivative that results solely from the embedded call options in the underlying financial assets.

The Issue provides examples of how to apply the proposed guidance to a specific securitized interest in prepayable financial assets. This guidance will remain tentative until it is formally cleared by the FASB.

The guidance in this Issue shall be applied upon initial adoption of Statement 155.<sup>5</sup> An entity that adopted Statement 155 before December 31, 2006, shall apply this guidance in the first reporting period beginning before December 31, 2006, for which financial statements have not yet been issued. For entities that had previously adopted Statement 155 and had not treated derivatives embedded in a securitized interest in prepayable financial assets in a manner consistent with the guidance in this Issue, the guidance requires retrospective application.

Comments are due by December 8, 2006. The text of [Implementation Issue B40](#) is available on the FASB's Web site.

## EITF Developments

### EITF Meeting

The EITF met on November 16, 2006, and discussed the following Issues:

*Issues on which consensuses were reached:*

- [Issue 06-6, "Debtor's Accounting for a Modification \(or Exchange\) of Convertible Debt Instruments."](#)
- [Issue 06-7, "Issuer's Accounting for a Previously Bifurcated Conversion Option in a Convertible Debt Instrument When the Conversion Option No Longer Meets the Bifurcation Criteria in FASB Statement No. 133, Accounting for Derivative Instruments and Hedging Activities."](#)
- [Issue 06-8, "Applicability of the Assessment of a Buyer's Continuing Investment Under FASB Statement No. 66, Accounting for Sales of Real Estate, for Sales of Condominiums."](#)
- [Issue 06-9, "Reporting a Change in \(or the Elimination of\) a Previously Existing Difference Between the Fiscal Year-End of a Parent Company and That of a Consolidated Entity or Between the Reporting Period of an Investor and That of an Equity Method Investee."](#)

The FASB ratified the consensuses reached on the above Issues at its November 29, 2006, meeting.

*Issues on which tentative conclusions were reached:*

- [Issue 06-10, "Accounting for Deferred Compensation and Postretirement Benefit Aspects of Collateral Assignment Split-Dollar Life Insurance Arrangements."](#)
- [Issue 06-11, "Accounting for Income Tax Benefits of Dividends on Share-Based Payment Awards."](#)

The above Issues are exposed for a comment period ending January 22, 2007. At its next scheduled meeting, the EITF will consider comments received and, as warranted, affirm its tentative conclusions as consensuses. Consensuses will then be provided to the FASB for ratification. Click an Issue to go to the draft abstract that has been posted for comment. See Deloitte & Touche's November 2006 [EITF Roundup](#) for additional information. [Meeting minutes](#) are available on the FASB's Web site.

*The EITF requested the Board add a project addressing whether traded, physical commodity inventory should be carried at fair value. This is an Issue the FASB staff will continue to research, for discussion at a future meeting:*

- Issue 06-12, "Application of AICPA Audit and Accounting Guide, *Brokers and Dealers in Securities*, to Entities That Engage in Commodity Trading Activities and Related Issues."

<sup>5</sup> FASB Statement No. 155, *Accounting for Certain Hybrid Financial Instruments* — an amendment of FASB Statements No. 133 and 140.

## GASB Developments

### GASB Publishes *Comprehensive Implementation Guide*

The GASB issues implementation guides to individual standards. The 2006–2007 edition of its *Comprehensive Implementation Guide* not only consolidates and updates previously issued guides but also provides current guidance on topics such as other post-employment benefits, compensated absences, the modified approach for reporting infrastructure assets, asset impairment, reporting net assets, and termination benefits.

The *Comprehensive Implementation Guide* can be ordered through the GASB's order department at 800-748-0659 or [online](#) at the GASB's Web site.

## AICPA Developments

### Audit Risk Alert: Understanding SAS 112

The AICPA issued an Audit Risk Alert to help auditors implement SAS 112.<sup>6</sup> The Alert clarifies common misunderstandings regarding the application of SAS 112. The following concepts will assist with implementation:

- Auditors cannot be part of a client's internal control.
- Auditors cannot be a compensating control for the client.
- SAS 112 requires auditors to evaluate control deficiencies if they are identified, not to search for them.

The [Audit Risk Alert](#) and a [press release](#) announcing it are available on the AICPA's Web site.

### ASB Issues SAS 113, *Omnibus — 2006*

The AICPA's Auditing Standards Board (ASB) issued SAS 113,<sup>7</sup> which amends the following standards to conform them to previously issued standards:

- Certain general and reporting standards in SAS 95,<sup>8</sup> by clarifying the terminology used to describe professional requirements imposed on auditors in the 10 standards.
- SAS 99,<sup>9</sup> by providing a clear link between the auditor's consideration of fraud and the auditor's assessment of risk in SAS 109<sup>10</sup> and the auditor's procedures in response to those assessed risks in SAS 110.<sup>11</sup>
- Certain SASs (1,<sup>12</sup> 57,<sup>13</sup> 59,<sup>14</sup> 85,<sup>15</sup> and 101<sup>16</sup>) that refer to the "completion of fieldwork" as the date of the auditor's report to conform to changes made in SAS 103.<sup>17</sup> SAS 103 requires that the date of the auditor's report not be prior to the date on which the auditor has obtained sufficient appropriate audit evidence. The *Omnibus* amends these SASs for the dating of both the auditor's report and the management representation letters.

<sup>6</sup> AICPA Statement on Auditing Standards No. 112 (AU Section 325), *Communicating Internal Control Related Matters Identified in an Audit*.

<sup>7</sup> AICPA Statement on Auditing Standards No. 113 (AU Section 150), *Omnibus — 2006*.

<sup>8</sup> AICPA Statement on Auditing Standards No. 95 (AU Section 150), *Generally Accepted Auditing Standards*.

<sup>9</sup> AICPA Statement on Auditing Standards No. 99 (AU Section 316), *Consideration of Fraud in a Financial Statement Audit*.

<sup>10</sup> AICPA Statement on Auditing Standards No. 109 (AU Section 314), *Understanding the Entity and Its Environment and Assessing the Risks of Material Misstatement*.

<sup>11</sup> AICPA Statement on Auditing Standards No. 110 (AU Section 318), *Performing Audit Procedures in Response to Assessed Risks and Evaluating the Audit Evidence Obtained*.

<sup>12</sup> AICPA Statement on Auditing Standards No. 1, *Codification of Auditing Standards and Procedures*.

<sup>13</sup> AICPA Statement on Auditing Standards No. 57 (AU Section 342), *Auditing Accounting Estimates*.

<sup>14</sup> AICPA Statement on Auditing Standards No. 59 (AU Section 341), *The Auditor's Consideration of an Entity's Ability to Continue as a Going Concern*.

<sup>15</sup> AICPA Statement on Auditing Standards No. 85 (AU Section 333), *Management Representations*.

<sup>16</sup> AICPA Statement on Auditing Standards No. 101 (AU Section 328), *Auditing Fair Value Measurements and Disclosures*.

<sup>17</sup> AICPA Statement on Auditing Standards No. 103 (AU Section 339), *Audit Documentation*.

A [summary](#) of SAS 113 is available on the AICPA's Web site. The complete statement can be purchased online from the [AICPA Store](#). Certain parts of the statement (namely, the amendments in paragraphs 1–5) are effective for audits of financial statements for periods **beginning** on or after December 15, 2006. Paragraphs 7–14 of the statement are effective for audits of financial statements for periods **ending** on or after December 15, 2006. Earlier application is permitted for the entire statement.

## ASB Issues SSAE 14, SSAE Hierarchy

The ASB issued SSAE 14.<sup>18</sup> The SSAE:

- Identifies the body of attest literature, establishing a hierarchy for publications.
- Clarifies the authority of attest publications issued by the AICPA and others.
- Specifies which attest publications the practitioner (1) must comply with and (2) should be aware of when conducting an attest engagement.
- Amends the 11 attestation standards to conform with the terms established in SSAE 13.<sup>19</sup>

A [summary](#) of SSAE 14 is available on the AICPA's Web site. The complete statement can be purchased online from the [AICPA Store](#). SSAE 14 is effective when the subject matter or assertion is as of, or for, a period ending on or after December 15, 2006.

## Audit Guide: Assessing and Responding to Audit Risk

To help auditors of nonissuers assess risk in a financial statement audit performed in accordance with the ASB's generally accepted auditing standards, the AICPA issued an Audit Guide.<sup>20</sup> The guide includes examples, flowcharts, observations, and suggestions. Although not authoritative, the guide may help the auditor understand and apply the SASs.

The guide will be available for purchase from the [AICPA Store](#) on December 31, 2006. It is effective for audits of financial statements for periods beginning on or after December 15, 2006, and supersedes the AICPA Audit Guide, *Consideration of Internal Control in a Financial Statement Audit* (new edition as of April 1, 1996).

## Practice Guide: Interpretation 48

The AICPA issued *Practice Guide on Accounting for Uncertain Tax Positions Under FIN 48*.<sup>21</sup> Although not authoritative, the guide gives the reader a general overview of the requirements of Interpretation 48. The [guide](#) is available on the AICPA's Web site.

## PCAOB Developments

### PCAOB Extends Implementation Date of Rule 3523

The PCAOB is adjusting the implementation schedule for one part of Rule 3523.<sup>22</sup> Currently, Rule 3523 prohibits auditors from providing tax services to persons in a financial reporting oversight role at an audit client during both the audit and professional engagement periods. The audit period is defined in the SEC's independence rules, Rule 3501(a)(iii)(1), as the period covered by any financial statements being audited or reviewed. Rule 3501(a)(iii)(2) defines the professional engagement period as the period starting when the accounting firm either begins the audit procedures or signs the initial engagement letter, and ending when the SEC has been notified that the client is no longer the firm's client. The PCAOB decided not to apply Rule 3523 to tax services provided on or before April

<sup>18</sup> Statement on Standards for Attestation Engagements No. 14, *SSAE Hierarchy*.

<sup>19</sup> Statement on Standards for Attestation Engagements No. 13, *Defining Professional Requirements in Statements on Standards for Attestation Engagements*.

<sup>20</sup> AICPA Audit and Accounting Guide, *Assessing and Responding to Audit Risk in a Financial Statement Audit*.

<sup>21</sup> FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes* — an interpretation of FASB Statement No. 109.

<sup>22</sup> PCAOB Rule No. 3523, *Tax Services for Persons in Financial Reporting Oversight Roles*.

30, 2007 (an extension from the original October 31, 2006, date), when those services were performed during the audit period and completed before the professional engagement period begins.

Regarding tax services provided during the professional engagement period, Rule 3523 remains unchanged. Therefore, registered public accounting firms must comply with that aspect of Rule 3523 as of November 1, 2006.

The [release](#) describing the change is available on the PCAOB's Web site.

## International Developments

### IASB Issues Operating Segments Standard

As part of the convergence project to align IFRSs and U.S. GAAP, the IASB released IFRS 8,<sup>23</sup> a standard on segment reporting. IFRS 8 replaces IAS 14<sup>24</sup> and aligns segment reporting with the requirements of Statement 131.<sup>25</sup>

IFRS 8 applies only to listed entities and requires identification of operating segments on the basis of internal reports that are regularly reviewed by the entity's chief operating decision maker in order to allocate resources to the segment and assess its performance (i.e., the "management approach"). Under IFRS 8, the definition of "operating segment" has been broadened to include a component of an entity that sells primarily or exclusively to other operating segments of the same entity if that entity is managed in this manner.

IFRS 8 requires explanations of how the segment information is prepared, as well as reconciliations of total reportable segment revenues, total profits or losses, total assets, total liabilities, and other amounts disclosed for reportable segments to corresponding amounts recognized in the entity's financial statements.

IFRS 8 applies to the annual financial statements for periods beginning on or after January 1, 2009. Earlier application is permitted. The standard is available to members of the IASB's Comprehensive Subscription Service. To subscribe, visit the [IASCF Shop](#). A [press release](#) describing IFRS 8 is available on the IASB's Web site. For [additional information](#), visit Deloitte's IAS Plus Web site.

### IFRIC Interpretation on Group and Treasury Share Transactions

The IFRIC has issued IFRIC 11,<sup>26</sup> an Interpretation that addresses the application of IFRS 2<sup>27</sup> to share-based payment arrangements in three circumstances:

- Share-based payments in which the entity chooses or is required to buy its own equity instruments to settle the share-based payment obligation should be accounted for as equity-settled share-based payment transactions.
- When a parent grants employees of a subsidiary rights to its equity instruments, assuming the transaction is recorded as an equity-settled transaction in the consolidated financial statements, the subsidiary would also record the transaction as an equity-settled transaction in its financial statements.
- When a subsidiary grants its employees rights to equity instruments of its parent, the subsidiary should record the transaction as a cash-settled share-based payment transaction.

IFRIC 11 is effective for annual periods beginning on or after March 1, 2007. Earlier application is permitted. The Interpretation is available to members of the IASB's Comprehensive Subscription Service. To subscribe, visit the [IASCF Shop](#). A [press release](#) announcing the issuance of the Interpretation is available on the IASB's Web site. For [more information](#), visit Deloitte's IAS Plus Web site.

<sup>23</sup> IFRS 8, *Operating Segments*.

<sup>24</sup> IAS 14, *Segment Reporting*.

<sup>25</sup> FASB Statement No. 131, *Disclosures About Segments of an Enterprise and Related Information*.

<sup>26</sup> IFRIC Interpretation 11, *Group and Treasury Share Transactions*.

<sup>27</sup> IFRS 2, *Share-Based Payment*.

## IFRIC Interpretation on Service Concession Arrangements

The IFRIC issued IFRIC 12,<sup>28</sup> an Interpretation that addresses how IFRSs are applied by service concession operators when accounting for the obligations they undertake and rights they receive in service concession arrangements.

In this guidance, the IASB discusses the accounting challenges posed by the large number of complex long-term arrangements that governments use with the private sector to discharge their public responsibilities. IFRIC 12 applies only to service concession operators and does not address accounting for the government side of service concession arrangements.

IFRIC 12 interprets the requirements of a number of relevant IFRSs, including those concerning accounting for construction contracts, service contract revenue, borrowing costs, financial assets, and intangible assets. Although IFRIC 12 outlines two types of service concession arrangements and deals with the respective accounting models (i.e., the Financial Asset Model and the Intangible Asset Model), the Interpretation also recognizes that both arrangement types may apply to a single contract.

IFRIC 12 is effective for annual periods beginning on or after March 1, 2007. Earlier application is permitted.

The Interpretation is available to members of the IASB's Comprehensive Subscription Service. To subscribe, visit the [IASCF Shop](#). A [press release](#) discussing the Interpretation is available on the IASB's Web site. For [additional information](#), visit Deloitte's IAS Plus Web site.

## Fair Value Measurements Discussion Paper

In continuing the convergence of IFRSs and U.S. GAAP, the IASB is beginning Stage 1 of a project on fair value measurements. The FASB recently issued Statement 157,<sup>29</sup> which established a single definition of fair value along with a framework for measuring it. Much like U.S. GAAP before Statement 157, the guidance in IFRSs related to fair value appears in many IFRSs. This discussion paper, issued on November 30, 2006, contains the IASB's preliminary views on consistency in fair value measurements. It does not introduce new fair value measurements; rather, it seeks a concise definition and single source of guidance for all fair value measurements required by IFRS.

The IASB invites comments on the discussion paper by April 2, 2007. The discussion paper will be available shortly to members of the IASB's Comprehensive Subscription Service. To subscribe, visit the [IASCF Shop](#). A [press release](#) describing the discussion paper is available on the IASB's Web site.

<sup>28</sup> IFRIC Interpretation 12, *Service Concession Arrangements*.

<sup>29</sup> FASB Statement No. 157, *Fair Value Measurements*.

## Appendix A: Recent Meetings

### Recent FASB Meetings

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

#### October 23–24, 2006

The Board discussed the following topics in a joint meeting with the IASB:

- [Conceptual Framework](#).
- [Liabilities and Equity](#).
- [Business Combinations](#).
- [Financial Statement Presentation](#).
- [Revenue Recognition](#).

#### October 25, 2006

The Board discussed the following topic:

- [Statement 155 Implementation Issues](#).

#### November 1, 2006

The Board discussed the following topic:

- [Application of FASB Interpretation No 46\(R\) to Investment Companies](#).

#### No Board Meetings Were Held During the Week of November 6, 2006

#### November 15, 2006

The Board discussed the following topics:

- [Conceptual Framework: Elements](#).
- [Financial Instruments: Liabilities and Equity](#).
- [Reporting Discontinued Operations](#).

#### November 21, 2006

The Board discussed the following topic:

- [Statement 133 Implementation Issue — Hedging Foreign Exchange Risk in a Forecasted Foreign-Currency-Denominated Debt Issuance](#).

### 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 Meeting

There was no ASB meeting in November 2006. The next ASB meeting is scheduled for January 9–11, 2007.

## Recent AcSEC Meetings

At its November 28–29, 2006, meeting, the AcSEC discussed the following:

- Revisions to the AICPA Audit and Accounting Guide, *Audits of Airlines*.
- Revisions to the AICPA Audit and Accounting Guide, *Health Care Organizations*.
- Revisions to the AICPA Audit and Accounting Guide, *Audits of Casinos*.
- Derivatives Practice Aid, or “Toolkit.”
- Other information included in the “Chair’s Report.”

The AcSEC [meeting highlights](#) and [agenda and materials](#) are available on the AICPA’s Web site.

## Recent IASB Meetings

The IASB met on November 16–17, 2006, in London and discussed:

- Financial Instruments.
- Post-employment Benefits.
- Service Concession Arrangements.
- Conceptual Framework.
- Annual Improvements Process.
- Update on IFRIC Activities.
- Short-term Convergence: Borrowing Costs.
- Short-term Convergence: Joint Ventures.

The summary of the IASB meetings is available in the [IASB Update](#) on the IASB’s Web site. Summaries of IASB meeting decisions and discussions are also available on Deloitte’s [IAS Plus](#) Web site.

## Recent IFRIC Meeting

The IFRIC met in London on November 1–3, 2006, and discussed:

- IAS 18, *Revenue* — Real estate sales.
- IAS 18, *Revenue* — Revenue recognition with respect to initial fees.
- IAS 19, *Employee Benefits* — Update on employee benefit issues.
- IAS 19, *Employee Benefits* — Special wages tax.
- IAS 21, *The Effects of Changes in Foreign Exchange Rates* — Hedging a net investment.
- IAS 38, *Intangible Assets* — The treatment of catalogues and other advertising costs.
- IAS 39, *Financial Instruments: Recognition and Measurement* — Indexation on own earnings before



interest, taxes, depreciation, and amortization or on own revenue.

- IAS 41, *Agriculture* — Recognition and measurement of biological assets and agricultural produce in accordance with IAS 41.
- Demergers and other in specie distributions.
- IFRIC Draft Interpretation D9, *Employee Benefits With a Promised Return on Contributions or Notional Contributions*.
- IFRIC agenda decisions.
- Tentative agenda decisions.
- Comments received on the draft of the IFRIC's *Due Process Handbook*.

[Summaries](#) of this and previous IFRIC meeting decisions and discussions are available on the IASB's Web site.

## Appendix B: Significant Adoption Dates and Deadlines

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

FASB	Status
<b>Significant Adoption Dates</b>	
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 asset and liability related to funded status of a plan and disclosures: <ul style="list-style-type: none"> <li>For entities with publicly traded equity securities, effective for fiscal years ending after December 15, 2006.</li> <li>For all other entities, effective for fiscal years ending after June 15, 2007.</li> </ul> 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.
Statement 156, <i>Accounting for Servicing of Financial Assets</i> — an amendment of FASB Statement No. 140	Effective as of the beginning of an entity's first fiscal year that begins after September 15, 2006.
Statement 155, <i>Accounting for Certain Hybrid Financial Instruments</i> — an amendment of FASB Statements No. 133 and 140	Effective for all financial instruments acquired, issued, or subject to a remeasurement (new basis) event occurring after the beginning of an entity's first fiscal year that begins after September 15, 2006.
Statement 154, <i>Accounting Changes and Error Corrections</i> — a replacement of APB Opinion No. 20 and FASB Statement No. 3	Effective for accounting changes and corrections of errors made in fiscal years beginning after December 15, 2005.
Statement 123(R), <i>Share-Based Payment</i> (reflecting change in effective dates for public companies as a result of the SEC's Final Rule amending Rule 4-01(a) of Regulation S-X)	Effective for public entities (other than those filing as small business issuers) as of the first interim or annual reporting period of the registrant's first fiscal year that begins after June 15, 2005. Public entities that file as small business issuers will be required to apply Statement 123(R) in the first interim or annual reporting period of the registrant's first fiscal year that begins after December 15, 2005. Nonpublic entities will be required to apply Statement 123(R) in the first annual reporting period that begins after December 15, 2005.
Interpretation 47, <i>Accounting for Conditional Asset Retirement Obligations</i> — an interpretation of FASB Statement No. 143	Effective as of the end of fiscal years ending after December 15, 2005.
Interpretation 48, <i>Accounting for Uncertainty in Income Taxes</i> — an interpretation of FASB Statement No. 109	Effective for fiscal years beginning after December 15, 2006.
FSP FAS 126-1, "Applicability of Certain Disclosure and Interim Reporting Requirements for Obligors for Conduit Debt Securities"	Effective for fiscal periods beginning after December 15, 2006. If an entity issues interim financial statements, the FSP shall be applied to the first interim period after the date of adoption.
FSP FAS 123(R)-6, "Technical Corrections of FASB Statement No. 123(R)"	Effective for the first reporting period beginning after October 20, 2006 or an earlier period for which financial statements have not yet been issued.
FSP FAS 123(R)-5, "Amendment of FASB Staff Position FAS 123(R)-1"	Effective for the first reporting period beginning after October 10, 2006 or an earlier period for which financial statements have not yet been issued.
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 13-2, "Accounting for a Change or Projected Change in the Timing of Cash Flows Relating to Income Taxes Generated by a Leveraged Lease Transaction"	Effective for fiscal years beginning after December 15, 2006.
FSP FIN 46(R)-6, "Determining the Variability to Be Considered in Applying FASB Interpretation No. 46(R)"	Effective the first day of the first reporting period beginning after June 15, 2006.
FSP SOP 94-6-1, "Terms of Loan Products That May Give Rise to a Concentration of Credit Risk"	Effective for interim and annual periods ending after December 19, 2005.
FSP SOP 78-9-1, "Interaction of AICPA Statement of Position 78-9 and EITF Issue No. 04-5"	Effective after June 29, 2005, for new limited partnership agreements and for preexisting 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 AUG AIR-1, "Accounting for Planned Major Maintenance Activities"	Effective for first fiscal year beginning 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. 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.
<b>Projects in Exposure-Draft or Request-for-Comment Stage</b>	
Tentative Guidance on Statement 133 Implementation Issue No. B40, "Embedded Derivatives: Application of Paragraph 13(b) to Securitized Interests in Prepayable Financial Assets"	Comments due December 8, 2006.
Proposed FSP FAS 144-c, "Classifying and Accounting for a Depreciable Asset as Held-for-Sale When an Equity Method Investment Is Obtained"	Comments due December 15, 2006.

Proposed FSP EITF 03-6-a, "Determining Whether Instruments Granted in Share-Based Payment Transactions Are Participating Securities"	Comments due December 19, 2006.
Proposed FSP FIN 46(R)-d, "Application of FASB Interpretation No. 46(R) to Investment Companies"	Comments due December 22, 2006.
Exposure Draft, <i>Not-for-Profit Organizations: Mergers and Acquisitions</i>	Comments due January 29, 2007.
Exposure Draft, <i>Not-for-Profit Organizations: Goodwill and Other Intangible Assets Acquired in a Merger or Acquisition</i>	Comments due January 29, 2007.
<b>EITF</b>	<b>Status</b>
<b>Significant Adoption Dates</b>	
Issue 06-9, "Reporting a Change in (or the Elimination of) a Previously Existing Difference Between the Fiscal Year-End of a Parent Company and That of a Consolidated Entity or Between the Reporting Period of an Investor and That of an Equity Method Investee"	Effective for changes occurring in interim or annual reporting periods beginning after November 29, 2006.
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 06-7, "Issuer's Accounting for a Previously Bifurcated Conversion Option in a Convertible Debt Instrument When the Conversion Option No Longer Meets the Bifurcation Criteria in FASB Statement No. 133, <i>Accounting for Derivative Instruments and Hedging Activities</i> "	Effective for interim and annual periods beginning after December 15, 2006.
Issue 06-6, "Debtor's Accounting for a Modification (or Exchange) of Convertible Debt Instruments"	Applies to modifications (or exchanges) occurring in interim or annual reporting periods beginning after November 29, 2006.
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"	Effective for fiscal years beginning after December 15, 2006.
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, 2006.
Issue 06-3, "How Taxes Collected From Customers and Remitted to Governmental Authorities Should Be Presented in the Income Statement (That Is, Gross Versus Net Presentation)"	Effective for financial statements for interim and annual periods beginning after December 15, 2006.
Issue 06-2, "Accounting for Sabbatical Leave and Other Similar Benefits Pursuant to FASB Statement No. 43"	Effective for fiscal years beginning after December 15, 2006.
Issue 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.
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 04-6, "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 preexisting 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.
<b>Tentative Conclusions in Comment-Period Stage</b>	
Issue 06-10, "Accounting for Deferred Compensation and Postretirement Benefit Aspects of Collateral Assignment Split-Dollar Life Insurance Arrangements"	Comments due January 22, 2007.
Issue 06-11, "Accounting for Income Tax Benefits of Dividends on Share-Based Payment Awards"	Comments due January 22, 2007.
<b>GASB/GAO</b>	<b>Status</b>
<b>Significant Adoption Dates</b>	
GASB Statement No. 48, <i>Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues</i>	Effective for financial statements for periods beginning after December 15, 2006.
GASB Statement No. 45, <i>Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions</i>	Effective for: <ul style="list-style-type: none"> <li>Phase 1 governments in periods beginning after December 15, 2006.</li> <li>Phase 2 governments in periods beginning after December 15, 2007.</li> <li>Phase 3 governments in periods beginning after December 15, 2008.</li> </ul>
GASB Statement No. 43, <i>Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans</i>	Effective one year prior to the effective date of GASB Statement 45 for the employer in a single-employer plan or the largest participating employer in a multi-employer plan.
GASB Technical Bulletin No. 2006-1, <i>Accounting and Financial Reporting by Employers and OPEB Plans for Payments From the Federal Government Pursuant to the Retiree Drug Subsidy Provisions of Medicare Part D</i>	Effective for financial statements issued after June 30, 2006, except for portions of answers pertaining specifically to measurement, recognition, or required supplementary information requirements of Statements 43 and 45. Those provisions would be applied upon the adoption of Statements 43 and 45.
GASB Technical Bulletin No. 2004-2, <i>Recognition of Pension and Other Postemployment Benefit Expenditures/Expense and Liabilities by Cost-Sharing Employers</i>	For pension transactions, effective for financial statements for periods ending after December 15, 2004, with earlier application encouraged. For other postemployment benefit transactions, the provisions should be applied simultaneously with the requirements of GASB Statement 45.
<b>Project in Exposure-Draft or Invitation to Comment Stage</b>	
Invitation to Comment, <i>Fund Balance Reporting and Governmental Fund Type Definitions</i>	Comments due January 31, 2007.

AICPA/AcSEC	Status
<b>Significant Adoption Dates</b>	
SOP 06-1, <i>Reporting Pursuant to the Global Investment Performance Standards</i>	Effective April 6, 2006.
SOP 05-1, <i>Accounting by Insurance Enterprises for Deferred Acquisition Costs in Connection With Modifications or Exchanges of Insurance Contracts</i>	Effective for internal replacements occurring in fiscal years beginning after December 15, 2006. Initial application of this SOP should be as of the beginning of an entity's fiscal year.
SAS 113, <i>Omnibus — 2006</i>	The amendments in paragraphs 1 through 5 of this SAS are effective for audits of financial statements for periods beginning on or after December 15, 2006.  The amendments in paragraphs 7 through 14 of this SAS are effective for audits of financial statements for periods ending on or after December 15, 2006.
SAS 112, <i>Communicating Internal Control Matters Identified in an Audit</i>	Effective for audits of financial statements for periods ending on or after December 15, 2006.
SAS 111, <i>Amendment to Statement on Auditing Standards No. 39, Audit Sampling</i>	Effective for audits of financial statements for periods beginning on or after December 15, 2006.
SAS 110, <i>Performing Audit Procedures in Response to Assessed Risks and Evaluating the Audit Evidence Obtained</i>	Effective for audits of financial statements for periods beginning on or after December 15, 2006.
SAS 109, <i>Understanding the Entity and Its Environment and Assessing the Risks of Material Misstatement</i>	Effective for audits of financial statements for periods beginning on or after December 15, 2006.
SAS 108, <i>Planning and Supervision</i>	Effective for audits of financial statements for periods beginning on or after December 15, 2006.
SAS 107, <i>Audit Risk and Materiality in Conducting an Audit</i>	Effective for audits of financial statements for periods beginning on or after December 15, 2006.
SAS 106, <i>Audit Evidence</i>	Effective for audits of financial statements for periods beginning on or after December 15, 2006.
SAS 105, <i>Amendment to Statement on Auditing Standards No. 95, Generally Accepted Auditing Standards</i>	Effective for audits of financial statements for periods beginning on or after December 15, 2006.
SAS 104, <i>Amendment to Statement on Auditing Standards No. 1, Codification of Auditing Standards and Procedures ("Due Professional Care in the Performance of Work")</i>	Effective for audits of financial statements for periods beginning on or after December 15, 2006.
SAS 103, <i>Audit Documentation</i>	Effective for periods ending on or after December 15, 2006.
SAS 102, <i>Defining Professional Requirements in Statements on Auditing Standards</i> , and SSAE No. 13, <i>Defining Professional Requirements in Statements on Standards for Attestation Engagements</i>	Effective December 2005.
SSAE 14, <i>SSAE Hierarchy</i>	Effective when the subject matter or assertion is as of or for a period ending on or after December 15, 2006.
Conforming changes to AICPA Professional Standards, AT Section 501 — <i>Reporting on an Entity's Internal Control Over Financial Reporting</i> , resulting from SAS 112	Effective when the subject matter or the assertion is as of or for the period ending on or after December 15, 2006.
AICPA Professional Standards, ET Section 100.01 — <i>Conceptual Framework for AICPA Independence Standards</i>	Effective for all independence decisions made as of April 30, 2007.
Revision to AICPA Professional Standards, ET Section 501.02	Effective April 30, 2006.

AICPA Center for Public Company Audit Firms Alert #90, <i>SEC Staff Position Regarding Changes to the Statement of Cash Flows Relating to Discontinued Operations</i>	Effective February 15, 2006. Retrospective modifications to presentations of the cash flows pertaining to discontinued operations in the first periodic report filed subsequent to February 15, 2006, may be treated similarly to a change in accounting method with no reference to the correction of an error. Modifications in subsequent filings should be treated as a correction of an error.
AICPA Center for Public Company Audit Firms Alert #98, <i>Update to SEC Staff Position Regarding Changes to the Statement of Cash Flows Relating to Discontinued Operations (Addendum to CPCA Alert #90)</i>	Effective April 19, 2006.
AICPA Center for Public Company Audit Firms Paper, <i>Guidance for Firms Issuing Audit Reports for Non-Issuers That Are Filed With the SEC</i>	Effective March 10, 2006.
<b>Project in Exposure-Draft Stage</b>	
Exposure Draft, AICPA Statement on Standards for Valuation Services, <i>Valuation of a Business, Business Ownership Interest, Security, or Intangible Asset</i>	Comments due December 15, 2006.
<b>SEC</b>	<b>Status</b>
<b>Significant Adoption Dates</b>	
Final Rule, <i>Internal Control Over Financial Reporting in Exchange Act Periodic Reports of Foreign Private Issuers That Are Accelerated Filers</i>	For FPIs that are accelerated filers (but not large accelerated filers), 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>Executive Compensation and Related Person Disclosure</i>	In Forms 8-K, effective for triggering events that occur on or after November 7, 2006, in Forms 10-K and 10KSB for fiscal years ending on or after December 15, 2006, and in registration and proxy/information statements filed after December 15, 2006.
Final Rule, <i>Fund of Funds Investments</i>	Effective July 31, 2006.
SEC Amendments to Forms N-1A, N-2, N-3, N-4, and N-6	All new registration statements filed on the investment company forms and all post-effective amendments that are annual updates to effective registration statements on the investment company forms filed on or after January 2, 2007, must include the disclosure required by the form amendments.
Final Rule, <i>Postponement of the Phase-in Period for Acceleration of Periodic Report Filing Dates for Large Accelerated Filers and Accelerated Filers</i>	Effective December 27, 2005.
Final Rule, <i>First-Time Application of International Financial Reporting Standards</i> (amendments to Form 20-F)	Rule will apply to foreign private issuers that adopt IFRS prior to or for the first financial year starting on or after January 1, 2007.
Final Rule, <i>Management's Report on Internal Control Over Financial Reporting and Certification of Disclosure in Exchange Act Periodic Reports</i> (an extension of compliance date)	Effective for fiscal years ending on or after November 15, 2004, for certain "accelerated filers." Effective for fiscal years ending on or after July 15, 2007, for "nonaccelerated filers," including foreign private issuers that are not accelerated filers. Effective for fiscal years ending on or after July 15, 2006, for foreign private issuers that are accelerated filers and file annual reports on forms 20-F or 40-F.
SAB 108 (on the process of quantifying financial statement misstatements)	Effective for annual financial statements covering the first fiscal year ending after November 15, 2006.
SAB 107 (on the interaction between FASB Statement No. 123(R), <i>Share-Based Payment</i> , and certain SEC rules and regulations)	Effective upon the adoption of Statement 123(R).
Changes to Executive Compensation Disclosures	Effective December 15, 2006.



Request for Additional Comments on <i>Interpretive Release, Commission Guidance Regarding Client Commission Practices Under Section 28(e) of the Securities Exchange Act of 1934</i>	Interpretive Release is effective July 24, 2006; market participants, however, will be able to rely on prior SEC guidance for six months following publication.
<b>Project in Request-for-Comment Stage</b>	
Request for Feedback on Experiences With Interactive Data and XBRL	Comments may be submitted throughout 2006 as roundtable topics and dates are announced.
<b>PCAOB</b>	<b>Status</b>
<b>Significant Adoption Dates</b>	
Auditing Standard No. 4, <i>Reporting on Whether a Previously Reported Material Weakness Continues to Exist</i>	Effective February 6, 2006.
Auditing Standard No. 2, <i>An Audit of Internal Control Over Financial Reporting Performed in Conjunction With an Audit of Financial Statements</i>	Effective for fiscal years ending on or after November 15, 2004, for certain "accelerated filers." Effective for fiscal years ending on or after July 15, 2007, for "nonaccelerated filers," including foreign private issuers that are not accelerated filers. Effective for fiscal years ending on or after July 15, 2006, for foreign private issuers that are accelerated filers and file annual reports on forms 20-F or 40-F.
<i>Conforming Amendments to PCAOB Interim Standards Resulting From the Adoption of PCAOB Auditing Standard No. 2, "An Audit of Internal Control Over Financial Reporting Performed in Conjunction With an Audit of Financial Statements"</i>	Effective for integrated audits of financial statements at the same time as Auditing Standard No. 2. Effective for audits of only financial statements for periods ending on or after July 15, 2005.
Rule 3524, <i>Audit Committee Pre-approval of Certain Tax Services</i>	Rule will not apply to any tax service 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 at April 19, 2006, provided that such services are completed on or before October 31, 2006. Rule will not apply to tax services being provided on or before April 30, 2007, provided that those services were performed during the audit period and completed prior to the beginning of the professional engagement period.
Rule 3522, <i>Tax Transactions</i>	Rule will not apply to tax services that are completed by a registered public accounting firm prior to June 18, 2006.
Rule 3521, <i>Contingent Fees</i>	Rule will not apply to contingent fee arrangements that prior to June 18, 2006, were (1) paid in their entirety, (2) converted to fixed fee arrangements, or (3) otherwise unwound.
Rule 3501, <i>Definitions of Terms Employed in Section 3, Part 5 of the Rules</i> ; Rule 3502, <i>Responsibility Not to Knowingly or Recklessly Contribute to Violations</i> ; Rule 3520, <i>Auditor Independence</i>	Effective April 29, 2006.
<b>IASB/IFRIC</b>	<b>Status</b>
<b>Significant Adoption Dates</b>	
IFRS 8, <i>Operating Segments</i>	Effective for annual periods beginning on or after January 1, 2009.
IFRS 7, <i>Financial Instruments: Disclosures</i>	Effective for annual periods beginning on or after January 1, 2007.
IFRS 6, <i>Exploration for and Evaluation of Mineral Resources</i>	Effective for annual periods beginning on or after January 1, 2006.

Amendment to IAS 39, <i>Financial Instruments: Recognition and Measurement</i> , and IFRS 4, <i>Insurance Contracts</i>	Effective for annual periods beginning on or after January 1, 2006.
Amendment to IAS 39, <i>Financial Instruments: Recognition and Measurement</i> — <i>The Fair Value Option</i>	Effective for annual periods beginning on or after January 1, 2006.
Amendment to IAS 39, <i>Financial Instruments: Recognition and Measurement</i> — <i>Cash Flow Hedge Accounting of Forecast Intragroup Transactions</i>	Effective for annual periods beginning on or after January 1, 2006.
Amendment to IAS 21, <i>The Effects of Changes in Foreign Exchange Rates</i> — <i>Net Investment in a Foreign Operation</i>	Effective for annual periods ending on or after January 1, 2006.
Amendment to IAS 19, <i>Employee Benefits</i>	Effective for annual periods beginning on or after January 1, 2006.
Amendment to IAS 1, <i>Presentation of Financial Statements</i> — <i>Capital Disclosures</i>	Effective for annual periods beginning on or after January 1, 2007.
IFRIC Interpretation 12, <i>Service Concession Arrangements</i>	Effective for annual periods beginning on or after March 1, 2007.
IFRIC Interpretation 11, <i>Group and Treasury Share Transactions</i>	Effective for annual periods beginning on or after March 1, 2007.
IFRIC Interpretation 10, <i>Interim Financial Reporting and Impairment</i>	Effective for annual periods beginning on or after November 1, 2006.
IFRIC Interpretation 9, <i>Reassessment of Embedded Derivatives</i>	Effective for annual periods beginning on or after June 1, 2006.
IFRIC Interpretation 8, <i>Scope of IFRS 2</i>	Effective for annual periods beginning on or after May 1, 2006.
IFRIC Interpretation 7, <i>Applying the Restatement Approach Under IAS 29, Financial Reporting in Hyperinflationary Economies</i>	Effective for annual periods beginning on or after March 1, 2006.
IFRIC Interpretation 6, <i>Liabilities Arising From Participating in a Specific Market</i> — <i>Waste Electrical and Electronic Equipment</i>	Effective for annual periods beginning on or after December 1, 2005.
IFRIC Interpretation 5, <i>Rights to Interests Arising From Decommissioning, Restoration and Environmental Rehabilitation Funds</i>	Effective for annual periods beginning on or after January 1, 2006.
IFRIC Interpretation 4, <i>Determining Whether an Arrangement Contains a Lease</i>	Effective for annual periods beginning on or after January 1, 2006.
<b>Invitation to Comment</b>	
IASB Discussion Paper, <i>Fair Value Measurements</i>	Comments due April 2, 2007.

## Appendix C: Roundup Flash

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

### FASB Developments

#### FASB Issues Proposed FSP FIN 46(R)-d

- AFFECTS:** Users of the AICPA Audit and Accounting Guide, *Investment Companies*.
- SUMMARY:** FSP FIN 46(R)-d<sup>30</sup> provides an exception to the scope of Interpretation 46(R).<sup>31</sup> The exception would apply to investments accounted for at fair value in accordance with the specialized accounting guidance in the AICPA Accounting and Audit Guide, *Investment Companies*.
- NEXT STEPS:** Comments are due December 22, 2006.

#### Tentative Guidance on Statement 133 Implementation Issue

- AFFECTS:** Entities with derivatives embedded in a securitized interest in prepayable financial assets.
- SUMMARY:** The tentative guidance provides a narrow scope exception from paragraph 13(b) of Statement 133.<sup>32</sup>
- NEXT STEPS:** Comments are due December 8, 2006.

### EITF Developments

#### EITF Meeting

- AFFECTS:** All companies.
- SUMMARY:** Topics discussed, and consensuses and tentative conclusions reached, at the EITF meeting held on November 16, 2006.
- NEXT STEPS:** Comments on issues with tentative conclusions are due January 22, 2007.

### GASB Developments

#### GASB Publishes *Comprehensive Implementation Guide*

- AFFECTS:** State and local governmental entities.
- SUMMARY:** The newly issued *Comprehensive Implementation Guide* consolidates and updates previously issued guides to individual standards and provides current guidance on standards for which no stand-alone guides have been published.

<sup>30</sup> Proposed FASB Staff Position No. FIN 46(R)-d, "Application of FASB Interpretation No. 46(R) to Investment Companies."

<sup>31</sup> FASB Interpretation No. 46(R), *Consolidation of Variable Interest Entities*.

<sup>32</sup> FASB Statement No. 133, *Accounting for Derivative Instruments and Hedging Activities*.

## AICPA Developments

### Audit Risk Alert: Understanding SAS 112

- AFFECTS:** Auditors that provide tax services to public-company audit clients.  
**SUMMARY:** Clarifies common misunderstandings regarding the application of SAS 112.<sup>33</sup>

### ASB Issues SAS 113, *Omnibus* — 2006

- AFFECTS:** Auditors and practitioners who perform attest engagements for nonissuers.  
**SUMMARY:** The *Omnibus* statement amends certain SASs.  
**NEXT STEPS:** Paragraphs 1–5 are effective for audits of financial statements for periods beginning on or after December 15, 2006. Paragraphs 7–14 are effective for audits of financial statements for periods ending on or after December 15, 2006. Earlier application is permitted for the entire statement.

### ASB Issues SSAE 14, *SSAE Hierarchy*

- AFFECTS:** Auditors and practitioners who perform attest engagements for nonissuers.  
**SUMMARY:** Establishes a hierarchy for attest literature.  
**NEXT STEPS:** Effective when the subject matter or assertion is as of, or for, a period ending on or after December 15, 2006.

### Audit Guide: Assessing and Responding to Audit Risk

- AFFECTS:** Auditors of nonissuers.  
**SUMMARY:** Provides guidance to help auditors of nonissuers assess risk in a financial statement audit.  
**NEXT STEPS:** Effective for audits of financial statements for periods beginning on or after December 15, 2006.

### Practice Guide: Interpretation 48

- AFFECTS:** Financial statement preparers, auditors, and tax advisors.  
**SUMMARY:** Provides an overview of the requirements of Interpretation 48.<sup>34</sup>

## PCAOB Developments

### PCAOB Extends Implementation Date of Rule 3523

- AFFECTS:** Public companies and their auditors.  
**SUMMARY:** The PCAOB decided not to apply Rule 3523<sup>35</sup> to tax services provided on or before April 30, 2007 (an extension from the original October 31, 2006, date), when those services were performed during the audit period and completed before the professional engagement period begins.

<sup>33</sup> AICPA Statement on Auditing Standards No. 112 (AU Section 325), *Communicating Internal Control Related Matters Identified in an Audit*.

<sup>34</sup> FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes* — an interpretation of FASB Statement No. 109.

<sup>35</sup> PCAOB Rule No. 3523, *Tax Services for Persons in Financial Reporting Oversight Roles*.

## International Developments

### IASB Issues Operating Segments Standard

- AFFECTS:** Listed entities that apply IFRSs.
- SUMMARY:** IFRS 8<sup>36</sup> replaces IAS 14<sup>37</sup> and aligns segment reporting with the requirements of Statement 131.<sup>38</sup> The definition of “operating segments” has been broadened, and new reporting requirements have been included.
- NEXT STEPS:** IFRS 8 applies to the annual financial statements for periods beginning on or after January 1, 2009. Earlier application is permitted.

### IFRIC Interpretation on Group and Treasury Share Transactions

- AFFECTS:** Entities that apply IFRSs.
- SUMMARY:** The Interpretation addresses application of IFRS 2<sup>39</sup> in three circumstances: (1) share-based payment arrangements involving an entity’s own equity instruments or equity instruments of another entity in the same group (e.g., equity instruments of its parent); (2) a parent’s granting rights to its equity instruments to employees of its subsidiary; and (3) a subsidiary’s granting rights to equity instruments of its parent to its employees.
- NEXT STEPS:** Effective for annual periods beginning on or after March 1, 2007. Earlier application is permitted.

### IFRIC Interpretation on Service Concession Arrangements

- AFFECTS:** Service concession operators that apply IFRSs.
- SUMMARY:** The IFRIC issued IFRIC 12,<sup>40</sup> an Interpretation that addresses how IFRSs are applied by service concession operators when accounting for the obligations they undertake and rights they receive in service concession arrangements.
- NEXT STEPS:** Effective for annual periods beginning on or after March 1, 2007. Earlier application is permitted.

### Fair Value Measurements Discussion Paper

- AFFECTS:** Entities with fair value measurements that apply IFRSs.
- SUMMARY:** This discussion paper, issued on November 30, 2006, features the IASB’s preliminary views on consistency in fair value measurements. It does not introduce new measurements at fair value; rather, it seeks a concise definition and single source of guidance for all fair value measurement required by IFRSs.
- NEXT STEPS:** Comments due April 2, 2007.

<sup>36</sup> IFRS 8, *Operating Segments*.

<sup>37</sup> IAS 14, *Segment Reporting*.

<sup>38</sup> FASB Statement No. 131, *Disclosures About Segments of an Enterprise and Related Information*.

<sup>39</sup> IFRS 2, *Share-Based Payment*.

<sup>40</sup> IFRIC Interpretation 12, *Service Concession Arrangements*.

## Appendix D: Abbreviations

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

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](http://www.fasb.org) (FASB); [www.fasb.org/eitf/agenda.shtml](http://www.fasb.org/eitf/agenda.shtml) (EITF); [www.gasb.org](http://www.gasb.org) (GASB); [www.aicpa.org](http://www.aicpa.org) (AICPA); [www.sec.gov](http://www.sec.gov) (SEC); and [www.iasb.org](http://www.iasb.org) or [www.iasplus.com/index.htm](http://www.iasplus.com/index.htm) (IASB and IFRIC).

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