

Accounting Roundup

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FASB Developments

FASB Issues Final FSPs Related to Statements 126 and 123(R)

During October, the FASB issued three final FSPs related to Statements 126¹ and 123(R).² The following is a discussion about each of these final FSPs.

Final FSP FAS 126-1

FSP FAS 126-1³ amends certain accounting standards to clarify the definition of a "public entity." The definition now includes entities that are obligors for conduit debt securities, including those that participate in a pooled conduit debt security, and that are traded in a public market (a domestic or foreign stock exchange or an over-the-counter market, including local and regional markets). Any references in authoritative accounting literature to the definition of a public entity or enterprise that are not included in the list below are unaffected by this FSP. The specific accounting standards amended by this FSP are:

- APB Opinion No. 28, *Interim Financial Reporting*
- FASB Statement No. 69, *Disclosures About Oil and Gas Producing Activities*
- FASB Statement No. 109, *Accounting for Income Taxes*
- FASB Statement No. 126, *Exemption From Certain Required Disclosures About Financial Instruments for Certain Nonpublic Entities*
- FASB Statement No. 131, *Disclosures About Segments of an Enterprise and Related Information*
- FASB Statement No. 132 (revised 2003), *Employers' Disclosures About Pensions and Other Postretirement Benefits*
- FASB Statement No. 141, *Business Combinations*
- AICPA Audit and Accounting Guide, *Health Care Organizations*
- AICPA Audit and Accounting Guide, *Not-for-Profit Organizations*

¹ FASB Statement No. 126, *Exemption From Certain Required Disclosures About Financial Instruments for Certain Nonpublic Entities*.

² FASB Statement No. 123(R), *Share-Based Payment*.

³ FASB Staff Position No. FAS 126-1, "Applicability of Certain Disclosure and Interim Reporting Requirements for Obligor for Conduit Debt Securities."

Final FSP FAS 123(R)-5

FSP FAS 123(R)-5⁴ addresses whether a modification of an instrument in connection with an equity restructuring should be considered a modification for purposes of applying FSP FAS 123(R)-1.⁵ This FSP states that no change in the recognition or the measurement (due to a change in classification as a result of a modification solely to reflect an equity restructuring that occurs when the holders are no longer employees) of the instruments will result if two conditions are met: (1) there is no increase in fair value of the award (or the ratio of intrinsic value to the exercise price of the award is preserved — that is, the holder is made whole) or the antidilution provision is not added to the terms of the award in contemplation of an equity restructuring, and (2) all holders of the same class of equity instruments (for example, stock options) are treated in the same manner. Other modifications that take place when the holder is no longer an employee shall be subject to the modification guidance in paragraph A232 of Statement 123(R).

Final FSP FAS 123(R)-6

FSP FAS 123(R)-6⁶ addresses certain technical corrections of Statement 123(R). The amendments exempt nonpublic entities from disclosing the aggregate intrinsic value of fully vested share options (or share units) and share options expected to vest at the date of the latest statement of financial position. This FSP also revises the definition of “short-term inducement” to exclude an offer to settle an award. In addition, two illustrations are revised to comply with paragraph 42 in Statement 123(R) and to clarify reversal dates for modifications.

Effective Dates and Other Resources

| FSP | Effective Date | Other Resources |
|------------------|---|---------------------------|
| FSP FAS 126-1 | The FSP should be applied prospectively in fiscal periods beginning after December 15, 2006. If an entity elects to apply the guidance retrospectively, it must do so to all prior periods. If an entity issues interim financial statements, the FSP shall be applied to the first interim period after the date of adoption. | Full Text |
| FSP FAS 123(R)-5 | The FSP shall be applied in the first reporting period beginning after October 10, 2006. Early application is permitted in periods for which financial statements have not yet been issued. If an entity applied Statement 123(R) in a manner consistent with the provisions of this FSP, then continued application is required prospectively. Otherwise, an entity should apply the provisions of this FSP retrospectively. | Full Text |
| FSP FAS 123(R)-6 | The FSP shall be applied in the first reporting period beginning after October 20, 2006. Early application is permitted in periods for which financial statements have not yet been issued. If an entity applied Statement 123(R) in a manner consistent with the provisions of this FSP, then continued application is required prospectively. Otherwise, an entity should apply the provisions of this FSP retrospectively. | Full Text |

⁴ FASB Staff Position No. FAS 123(R)-5, “Amendment of FASB Staff Position FAS 123(R)-1.”

⁵ FASB Staff Position No. FAS 123(R)-1, “Classification and Measurement of Freestanding Financial Instruments Originally Issued in Exchange for Employee Services Under FASB Statement No. 123(R).”

⁶ FASB Staff Position No. FAS 123(R)-6, “Technical Corrections of FASB Statement No. 123(R).”

Two Exposure Drafts on Not-for-Profit Organizations

The FASB has issued two separate, but related, Exposure Drafts that address merger and acquisition accounting guidance for not-for-profit organizations. The first Exposure Draft, [Not-for-Profit Organizations: Mergers and Acquisitions](#), outlines the requirements for accounting for a merger or acquisition transaction by a not-for-profit organization. The general objectives of the statement, as proposed, are to:

- Recognize the identifiable assets acquired and liabilities assumed that compose the business or nonprofit activity acquired in a merger or acquisition.
- Measure those assets and liabilities at their fair values as of the acquisition date.
- Recognize either goodwill of the acquired business or nonprofit activity, or the contribution inherent in the merger or acquisition, as a residual based on the value of the identifiable assets acquired, liabilities assumed, and the consideration transferred (if any).
- Disclose information to enable users of the financial statements to evaluate the nature and financial effects of the merger or acquisition.

The second Exposure Draft, [Not-for-Profit Organizations: Goodwill and Other Intangible Assets Acquired in a Merger or Acquisition](#), addresses the accounting guidance for intangible assets after a merger or acquisition. This Exposure Draft proposes that not-for-profit organizations provide:

- Consistent and comparable information about identifiable intangible assets acquired in a merger or acquisition.
- More relevant information. Not-for-profit organizations would be required to evaluate goodwill for impairment. This requirement would end the amortization of goodwill by those organizations.

The proposed effective date for both Exposure Drafts is the fiscal year that begins about six months after issuance of the respective final Statement. The provisions of the Exposure Drafts are to be applied prospectively, and comments are due on January 29, 2007. The full text of the Exposure Drafts, as well as a [press release](#) announcing them, can be found on the FASB's Web site.

Four Proposed FSPs Issued

In addition to the three final FSPs issued in October, the FASB has proposed four new FSPs. These FSPs are related to Statements 141,⁷ 142,⁸ and 144,⁹ as well as to Issues 03-6¹⁰ and 00-19.¹¹ The following is a discussion about each of the four proposed FSPs.

Proposed FSP FAS 144-c

Proposed FSP FAS 144-c¹² states that an entity shall classify a long-lived asset as held-for-sale and cease depreciating the long-lived asset once it meets the held-for-sale criteria. This holds true regardless of whether the entity plans to use the equity method of accounting to account for its direct or indirect interest in the long-lived asset.

Proposed FSP FAS 141-b, 142-e, and 144-b

Proposed FSP FAS 141-b, 142-e, and 144-b¹³ clarifies the guidance on fair value measurements set forth in Statements 141, 142, and 144. It provides interim guidance until Statement 157¹⁴ becomes effective. All provisions

⁷ FASB Statement No. 141, *Business Combinations*.

⁸ FASB Statement No. 142, *Goodwill and Other Intangible Assets*.

⁹ FASB Statement No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets*.

¹⁰ EITF Issue No. 03-6, "Participating Securities and the Two-Class Method Under FASB Statement No. 128."

¹¹ EITF Issue No. 00-19, "Accounting for Derivative Financial Instruments Indexed to, and Potentially Settled in, a Company's Own Stock."

¹² Proposed FASB Staff Position No. FAS 144-c, "Classifying and Accounting for a Depreciable Asset as Held-for-Sale When an Equity Method Investment Is Obtained."

¹³ Proposed FASB Staff Position No. FAS 141-b, 142-e, and 144-b, "Fair Value Measurements in Business Combinations and Impairment Tests."

¹⁴ FASB Statement No. 157, *Fair Value Measurements*.

in this proposed FSP, except for the clarification regarding measurement attributes to be applied in a business combination, will no longer apply once Statement 157 is adopted. The proposed FSP addresses the diversity in practice (primarily related to when a reporting entity uses entity-specific assumptions, rather than the assumptions of market participants) concerning the required **measurement of nonfinancial assets** at fair value in business combinations and impairment tests.

Proposed FSP EITF 03-6-a

Proposed FSP EITF 03-6-a¹⁵ clarifies that rights to receive unpaid dividends or dividend equivalents on unvested share-based payment awards (except the right to receive cash dividends that the holder will forfeit if the award does not vest) constitute participation rights and therefore should be included in the computation of basic earnings per share (EPS) pursuant to the two-class method. A share-based payment award that participates in undistributed earnings via a reduction in the exercise price of the award when distributions are made to common shareholders is not considered a participation right. The proposed FSP also states that dividends or dividend equivalents paid on unvested share-based payment awards shall not be included in the earnings allocation in computing basic EPS.

Proposed FSP EITF 00-19-b

Proposed FSP EITF 00-19-b¹⁶ specifies that the contingent obligation to make future payments or otherwise transfer consideration under a "registration payment arrangement" should be separately recognized and measured in accordance with Statement 5.¹⁷ The proposed FSP defines the characteristics of a registration payment arrangement and clarifies that a financial instrument subject to such an arrangement should be accounted for in accordance with other applicable GAAP without regard to the contingent obligation to transfer consideration pursuant to the registration payment arrangement.

Effective Dates and Other Resources

| FSP | Comments Due | Proposed Effective Date | Other Resources |
|---------------------------------|-------------------|---|---------------------------|
| FSP FAS 144-c | December 15, 2006 | Applied prospectively in the first reporting period beginning after the FSP is posted to the FASB's Web site. Early adoption is permitted for financial statements or interim financial statements that have not yet been issued. | Full Text |
| FSP FAS 141-b, 142-e, and 144-b | November 22, 2006 | Effective for financial statements issued for fiscal years beginning after December 15, 2006, and for interim periods within those fiscal years. The proposed FSP should be applied prospectively; earlier adoption is encouraged. | Full Text |
| FSP EITF 03-6-a | December 19, 2006 | Effective in the first reporting period beginning after the date the FSP is posted to the FASB's Web site. All prior-period EPS data presented shall be adjusted retrospectively. | Full Text |
| FSP EITF 00-19-b | December 4, 2006 | For registration payment arrangements and the financial instruments subject to those arrangements that are entered into or modified subsequent to the date of issuance of this proposed FSP, the guidance shall be effective immediately. Otherwise, the proposed FSP shall be effective for financial statements issued for fiscal years beginning after December 15, 2006, and for interim periods within those fiscal years. | Full Text |

¹⁵ Proposed FASB Staff Position No. EITF 03-6-a, "Determining Whether Instruments Granted in Share-Based Payment Transactions Are Participating Securities."

¹⁶ Proposed FASB Staff Position No. EITF 00-19-b, "Accounting for Registration Payment Arrangements."

¹⁷ FASB Statement No. 5, *Accounting for Contingencies*.

Tentative Guidance on Statement 133 Implementation Issues

The FASB issued tentative guidance in Implementation Issue G26,¹⁸ stating that an entity may designate the risk in a cash-flow hedge as the risk of overall changes in the hedged cash flows related to the variable-rate financial asset or liability, but not as the interest-rate risk. This guidance will remain tentative until it is formally cleared by the FASB and incorporated into a FASB Staff Implementation Guide, which is contingent upon the issuance of an amendment to Statement 133.¹⁹

The effective date of the implementation guidance will be the first day of an entity's first fiscal quarter beginning after the date that the Board-cleared guidance is posted on the FASB's Web site. Comments are due by November 14, 2006. The text of [Implementation Issue G26](#) is available on the FASB's Web site.

GASB Developments

GASB Invitation to Comment on Fund Balance Reporting and Government Fund Type Definitions

Fund balance is the difference between assets and liabilities in governmental funds and is one of the most universally used pieces of information found in state and local government external financial reports. However, the GASB has identified issues that may significantly diminish the usefulness of fund balance. Some of these issues are:

- Actions taken to set aside fund balance for specific purposes vary between governments, thereby making it difficult to determine whether resources will be used for the reported purposes.
- Some governments transfer resources from the general fund to other governmental funds without intending to use the resources in the receiving fund — a practice that may mislead financial statement users regarding the amount of available resources and the purposes for which those resources can be used.
- Owing, in part, to a lack of clarity in GASB standards, some governments appear to be reporting fund balances as reserved for specific purposes when, in fact, they are unreserved.

The Invitation to Comment²⁰ discusses these issues and provides possible solutions by considering revisions to the definitions of governmental fund types that would clarify their intention. The Invitation also sets forth three alternative models of classifying the components of fund balance.

Comments are requested by January 31, 2007. The [Invitation to Comment](#) and a [press release](#) announcing it are available on the GASB's Web site.

White Paper on the Difference in Governmental Accounting and Financial Reporting

The GASB issued a White Paper: *Why Governmental Accounting and Financial Reporting Is — and Should Be — Different*. The White Paper outlines accounting differences, as well as business environmental differences, to explain why governmental entities cannot, and should not, apply the same set of accounting standards as business enterprises.

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

AICPA Developments

Second Exposure Draft of Proposed Valuation Standard Act for CPAs

To improve the consistency and quality of practice among AICPA members performing business valuations, the AICPA Consulting Services Executive Committee has written the Proposed Statement on Standards for Valuation Services, *Valuation of a Business, Business Ownership Interest, Security, or Intangible Asset*. The Exposure Draft

¹⁸ Statement 133 Implementation Issue No. G26, "Cash Flow Hedges: Hedging Interest Cash Flows on Variable-Rate Assets and Liabilities That Are Not Based on a Benchmark Interest Rate."

¹⁹ FASB Statement No. 133, *Accounting for Derivative Instruments and Hedging Activities*.

²⁰ GASB Invitation to Comment, *Fund Balance Reporting and Governmental Fund Type Definitions*.

requests comments on the following issues:

- Oral valuation reports.
- Interpretation No. 1, “Scope of Applicable Services,” of Statement on Standards for Valuation Services, *Valuation of a Business, Business Ownership Interest, Security, or Intangible Asset*.
- Using the work of specialists.
- Distinction between a valuation engagement and a calculation engagement.

Comments on this valuation-standard Exposure Draft are due on December 15, 2006. The [press release](#) announcing the [Exposure Draft](#), as well as the instructions and contact information for comments, are available on the AICPA’s Web site.

SEC Developments

Tender Offer Best-Price Rules Amended

The SEC gave final approval to changes to its “best-price” rule concerning tender offers. As discussed in the December 2005 issue of *Accounting Roundup*, the tender offer best-price rule requires that the consideration paid to any security holder in a tender offer is the highest consideration paid to any other security holder in the offer. The amendments also make clear that compensation for services that might be paid to a shareholder does not count as part of the price paid for those shares.

For additional information, see the December 2005 issue of *Accounting Roundup*. In addition, a [press release](#) announcing the changes to the rules is available on the SEC’s Web site. The full text of the detailed release concerning the amendments will be posted on the SEC’s Web site shortly.

Proposed Rule Affects Broker-Dealers Also Registered as Futures Commission Merchants

Certain SEC-registered broker-dealers are also registered as futures commission merchants (FCM) with the Commodity Futures Trading Commission (CFTC). The SEC’s net capital rule (Rule 15c3-1) imposes minimum financial (net capital) requirements on broker-dealers and was intended to conform with the CFTC’s adjusted net capital rule. The CFTC amended its rule and adopted certain new net capital requirements applicable to FCMs. Therefore, the SEC is proposing to amend Rule 15c3-1 to reflect the amendments to the CFTC’s rule. In addition, the SEC is proposing to amend certain rules related to subordinated debt agreements to conform those rules to the CFTC’s amended net capital rules. Finally, the SEC is proposing to amend its early-warning provisions (Rule 17a-11) to require broker-dealers also registered as FCMs to notify the SEC when they are required to warn the CFTC or a designated self-regulatory organization that its adjusted net capital has fallen below specified levels.

The text of the [proposed rule](#) is available on the SEC’s Web site. Comments are due on November 13, 2006.

PCAOB Developments

Q&As Issued on Auditing the Fair Value of Share Options Granted to Employees

To help auditors implement the PCAOB’s existing auditing standards when auditing the fair value of share options granted to employees, the PCAOB has issued staff Q&As. The document poses several questions and provides the staff’s opinions on auditing financial statements in which a company has granted share options to employees that must be accounted for as compensation cost in conformity with Statement 123(R). The Q&As highlight risk factors to be aware of, address the auditor’s consideration of the process for developing a fair value estimate, highlight significant assumptions used in options pricing models, and discuss the role of specialists in fair value measurements.

The [Q&As](#) and [press release](#) are available on the PCAOB’s Web site.

Highlights of the PCAOB's October 2006 Standing Advisory Group Meeting

The PCAOB's Standing Advisory Group met in Washington, D.C., on October 5, 2006, to discuss the PCAOB's list of current and future projects, as well as activities that they have removed from the list. The list includes:

- Current standards-setting projects of the PCAOB:
 - o AS 2²¹ Revision
 - o Principles of Reporting
 - o Engagement Quality Review
 - o Risk Assessment, including fraud risk assessment
- Standards-setting projects of the PCAOB to begin over the next year:
 - o Related Parties
 - o Confirmations (including consideration of fraud risk factors)
 - o Specialists (including how specialists are used in fair value measurements)
- Activities that have been removed from the list:
 - o Communications With Audit Committees
 - o Quality Control Standards
 - o Codification of PCAOB Standards and Authority of PCAOB Interim Standards

Other highlights of the meeting include PCAOB Strategic Planning — Measuring the PCAOB's Success, and a panel discussion on smaller-company/smaller-firm issues. For more information on the meeting, review the [agenda and briefing papers](#) and click on the respective link within the PCAOB's Web site.

²¹ PCAOB Auditing Standard No. 2, *An Audit of Internal Control Over Financial Reporting Performed in Conjunction With an Audit of Financial Statements*.

Appendix A: Recent Meetings

Recent FASB Meetings

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

September 27, 2006

The Board discussed the following topics:

- [Conceptual Framework](#)
- [Proposed FASB Staff Position No. FAS 123\(R\)-5, “Amendment of FSP FAS 123\(R\)-1.”](#)

October 4, 2006

The Board discussed the following topics:

- [Conceptual Framework](#)
- [Statement 133 Implementation Issue — Cash Flow Hedges of Variable-Rate Assets](#)
- [Revision of the Definition of a Public Entity in a Conduit Borrowing Arrangement](#)
- [Amendment of Statement 123\(R\) — Technical Corrections](#)
- [Pension Disclosure](#)

October 11, 2006

The Board discussed the following topics:

- [Accounting for Depreciable Assets Classified as Held-for-Sale When an Equity Method Investment Is Obtained](#)
- [Participating Securities](#)

October 18, 2006

The Board discussed the following topics:

- [Business Combinations: Applying the Acquisition Method](#)
- [Derivative Disclosures](#)
- [Conceptual Framework](#)
- [Transfers of Financial Assets](#)
- [Fair Value Option](#)

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 EITF Agenda Committee Meeting

At its October 11, 2006, meeting, the EITF Agenda Committee discussed the following issues and decided:

- To defer a decision on the potential issue, The Application of the Two-Class Method to Master Limited Partnerships for FASB Statement No. 128, *Earnings per Share*, until the FASB and IASB reach a decision regarding whether to include this issue in the short-term international convergence project on earnings per share.

The following issues were added to the EITF Agenda:

- Accounting for the Tax Benefit of Dividends on Restricted Stock and Option Awards.
- Accounting for the Deferred Compensation and Postretirement Benefit Aspects of Collateral Assignment Split-Dollar Life Insurance Arrangements.

The following issues were not added to the EITF Agenda:

- Determining the Attribution of Incentive Compensation to Interim Financial Statements.
- The Impact of a Sale of Receivables With Recourse Under FASB Statement No. 140, *Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities*, on the Determination of Profit Recognition for the Sale of Real Estate Pursuant to FASB Statement No. 66, *Accounting for Sales of Real Estate*. However, the Committee recommended that the FASB provide additional guidance by issuing an FSP.

Recent ASB Meeting

At its October 17–19, 2006, meeting the Auditing Standards Board discussed the following:

- Proposed Statement on Auditing Standards, *The Auditor's Communication With Those Charged With Governance*.
- Changes to Proposed Statement on Auditing Standards, *Omnibus 2006*.
- Changes to Proposed Statement on Standards for Attestation Engagements, *SSAE Hierarchy*.
- Issues related to the IAASB's proposed revisions to ISA 505, *External Confirmations*; to the Exposure Draft ISA 550, *Related Parties*; and to review of the proposed Exposure Draft ISA 580, *Written Representations*.
- Clarity of ASB's Standards.

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

Recent IASB Meetings

The International Accounting Standards Board met on October 16–19, 2006, in London and discussed:

- Accounting Standards for Small and Medium-sized Entities
- Annual Improvements Process
- Business Combinations II
- Conceptual Framework
- Extractive Activities
- Financial Instruments — Hedge Accounting
- Financial Statement Presentation
- IAS 24, *Related Party Disclosures*

- IFRIC D17, *IFRS 2, Share-based Payment*
- IFRIC Service Concession Arrangements
- IFRS 2, *Share-based Payment*
- Insurance
- Intangible Assets Research Project
- Redeliberations of IAS 37, *Provisions, Contingent Liabilities, and Contingent Assets*
- Revenue Recognition
- Short-term Convergence: Segment Reporting

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

There was no IFRIC meeting in October 2006. The next IFRIC meeting is scheduled for November 1–3, 2006. [Summaries](#) of the 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 |
|--|---|
| Significant Adoption Dates | |
| 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"> 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. |
| Statement 156, <i>Accounting for Servicing of Financial Assets</i> — an amendment of FASB Statement No. 140 | Effective as of the beginning of an entity's first fiscal year that begins after September 15, 2006. |
| Statement 155, <i>Accounting for Certain Hybrid Financial Instruments</i> — an amendment of FASB Statements No. 133 and 140 | Effective for all financial instruments acquired, issued, or subject to a remeasurement (new basis) event occurring after the beginning of an entity's first fiscal year that begins after September 15, 2006. |
| Statement 154, <i>Accounting Changes and Error Corrections</i> — a replacement of APB Opinion No. 20 and FASB Statement No. 3 | Effective for accounting changes and corrections of errors made in fiscal years beginning after December 15, 2005. |
| Statement 123(R), <i>Share-Based Payment</i> (reflecting change in effective dates for public companies as a result of the SEC's Final Rule amending Rule 4-01(a) of Regulation S-X) | Effective for public entities (other than those filing as small business issuers) as of the first interim or annual reporting period of the registrant's first fiscal year that begins after June 15, 2005. Public entities that file as small business issuers will be required to apply Statement 123(R) in the first interim or annual reporting period of the registrant's first fiscal year that begins after December 15, 2005. Nonpublic entities will be required to apply Statement 123(R) in the first annual reporting period that begins after December 15, 2005. |
| Interpretation 47, <i>Accounting for Conditional Asset Retirement Obligations</i> — an interpretation of FASB Statement No. 143 | Effective as of the end of fiscal years ending after December 15, 2005. |
| Interpretation 48, <i>Accounting for Uncertainty in Income Taxes</i> — an interpretation of FASB Statement No. 109 | Effective for fiscal years beginning after December 15, 2006. |
| FSP FAS 140-2, "Clarification of the Application of Paragraphs 40(b) and 40(c) of FASB Statement No. 140" | Effective as of November 9, 2005. |
| FSP FAS 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 115-1 and FAS 124-1, "The Meaning of Other-Than-Temporary Impairment and Its Application to Certain Investments" | Effective for reporting periods beginning after December 15, 2005. |
| FSP FAS 13-1, "Accounting for Rental Costs Incurred During a Construction Period" | Effective for the first reporting period beginning after December 15, 2005. Lessees should cease capitalizing rental costs as of the effective date of this FSP for operating lease arrangements entered into prior to that date. |
| FSP FAS 13-2, "Accounting for a Change or Projected Change in the Timing of Cash Flows Relating to Income Taxes Generated by a Leveraged Lease Transaction" | Effective for fiscal years beginning after December 15, 2006. |
| FSP FIN 45-3, "Application of FASB Interpretation No. 45 to Minimum Revenue Guarantees Granted to a Business or Its Owners" | Effective for new minimum revenue guarantees issued or modified on or after the beginning of the first fiscal quarter following November 10, 2005. |
| FSP FIN 46(R)-6, "Determining the Variability to Be Considered in Applying FASB Interpretation No. 46(R)" | Effective the first day of the first reporting period beginning after June 15, 2006. |
| FSP SOP 94-6-1, "Terms of Loan Products That May Give Rise to a Concentration of Credit Risk" | Effective for interim and annual periods ending after December 19, 2005. |
| FSP SOP 78-9-1, "Interaction of AICPA Statement of Position 78-9 and EITF Issue No. 04-5" | Effective after June 29, 2005, for new limited partnership agreements and for 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). |

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| Statement 133 Implementation Issue No. B39, "Embedded Derivatives: Application of Paragraph 13(b) to Call Options That Are Exercisable Only by the Debtor" | Effective the first day of the first fiscal quarter beginning after December 15, 2005. |
| Statement 133 Implementation Issue No. B38, "Embedded Derivatives: Evaluation of Net Settlement With Respect to the Settlement of a Debt Instrument Through Exercise of an Embedded Put Option or Call Option" | Effective the first day of the first fiscal quarter beginning after December 15, 2005. |
| Project in Exposure-Draft or Request-for-Comment Stage | |
| Tentative Guidance on Statement 133 Implementation Issue No. G26, "Cash Flow Hedges: Hedging Interest Cash Flows on Variable-Rate Assets and Liabilities That Are Not Based on a Benchmark Interest Rate" | Comments due November 14, 2006. |
| Proposed FSP FAS 141-b, 142-e, and 144-b, "Fair Value Measurement in Business Combinations and Impairment Tests" | Comments due November 22, 2006. |
| Proposed FSP EITF 00-19-b, "Accounting for Registration Payment Arrangements" | Comments due December 4, 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. |
| 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. |
| EITF | Status |
| Significant Adoption Dates | |
| 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. |

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| 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. |
| GASB/GAO | Status |
| Significant Adoption Dates | |
| 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"> Phase I governments in periods beginning after December 15, 2006. Phase 2 governments in periods beginning after December 15, 2007. Phase 3 governments in periods beginning after December 15, 2008. |
| GASB Statement No. 43, <i>Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans</i> | Effective one year prior to the effective date of GASB Statement 45 for the employer in a single-employer plan or the largest participating employer in a multi-employer plan. |
| GASB Technical Bulletin No. 2006-1, <i>Accounting and Financial Reporting by Employers and OPEB Plans for Payments From the Federal Government Pursuant to the Retiree Drug Subsidy Provisions of Medicare Part D</i> | Effective for financial statements issued after June 30, 2006, except for portions of answers pertaining specifically to measurement, recognition, or required supplementary information requirements of Statements 43 and 45. Those provisions would be applied upon the adoption of Statements 43 and 45. |
| GASB Technical Bulletin No. 2004-2, <i>Recognition of Pension and Other Postemployment Benefit 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. |
| Project in Exposure-Draft or Invitation to Comment Stage | |
| GASB Proposed Concepts Statement, <i>Elements of Financial Statements</i> | Comments due November 17, 2006. |
| Invitation to Comment, <i>Fund Balance Reporting and Governmental Fund Type Definitions</i> | Comments due January 31, 2007. |

| AICPA/AcSEC | Status |
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| Significant Adoption Dates | |
| SOP 06-1, <i>Reporting Pursuant to the Global Investment Performance Standards</i> | Effective April 6, 2006. |
| SOP 05-1, <i>Accounting by Insurance Enterprises for Deferred Acquisition Costs in Connection With Modifications or Exchanges of Insurance Contracts</i> | Effective for internal replacements occurring in fiscal years beginning after December 15, 2006. Initial application of this SOP should be as of the beginning of an entity's fiscal year. |
| SAS 112, <i>Communicating Internal Control Matters Identified in an Audit</i> | Effective for audits of financial statements for periods ending on or after December 15, 2006. |
| SAS 111, <i>Amendment to Statement on Auditing Standards No. 39, Audit Sampling</i> | Effective for audits of financial statements for periods beginning on or after December 15, 2006. |
| SAS 110, <i>Performing Audit Procedures in Response to Assessed Risks and Evaluating the Audit Evidence Obtained</i> | Effective for audits of financial statements for periods beginning on or after December 15, 2006. |
| SAS 109, <i>Understanding the Entity and Its Environment and Assessing the Risks of Material Misstatement</i> | Effective for audits of financial statements for periods beginning on or after December 15, 2006. |
| SAS 108, <i>Planning and Supervision</i> | Effective for audits of financial statements for periods beginning on or after December 15, 2006. |
| SAS 107, <i>Audit Risk and Materiality in Conducting an Audit</i> | Effective for audits of financial statements for periods beginning on or after December 15, 2006. |
| SAS 106, <i>Audit Evidence</i> | Effective for audits of financial statements for periods beginning on or after December 15, 2006. |
| SAS 105, <i>Amendment to Statement on Auditing Standards No. 95, Generally Accepted Auditing Standards</i> | Effective for audits of financial statements for periods beginning on or after December 15, 2006. |
| SAS 104, <i>Amendment to Statement on Auditing Standards No. 1, Codification of Auditing Standards and Procedures ("Due Professional Care in the Performance of Work")</i> | Effective for audits of financial statements for periods beginning on or after December 15, 2006. |
| SAS 103, <i>Audit Documentation</i> | Effective for periods ending on or after December 15, 2006. |
| SAS 102, <i>Defining Professional Requirements in Statements on Auditing Standards</i> , and SSAE No. 13, <i>Defining Professional Requirements in Statements on Standards for Attestation Engagements</i> | Effective December 2005. |
| 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 PCAAF 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. |

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| Projects in Exposure-Draft Stage | |
| AICPA PEEC Proposed Interpretation 101-16 Under Rule 101: <i>Indemnification, Limitation of Liability, and ADR Clauses in Engagement Letters</i> | Comments due November 8, 2006. |
| AICPA PEEC Proposed Revision to Interpretation 101-3 Under Rule 101: <i>Performance of Nonattest Services: Forensic Accounting Services and Tax Compliance Services</i> | Comments due November 8, 2006. |
| 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. |
| SEC | Status |
| Significant Adoption Dates | |
| 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>Securities Offering Reform</i> | Effective December 1, 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. |

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| Projects in Request-for-Comment Stage | |
| Proposed Rule, "Amendments to Rule 15c3-1 and Rule 17a-11 Applicable to Broker-Dealers Also Registered as Futures Commission Merchants" | Comments due November 13, 2006. |
| Request for Feedback on Experiences With Interactive Data and XBRL | Comments may be submitted throughout 2006 as roundtable topics and dates are announced. |
| PCAOB | Status |
| Significant Adoption Dates | |
| Auditing Standard No. 4, <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 pursuant to an engagement in process at April 19, 2006, provided that such services are completed on or before October 31, 2006. |
| Rule 3522, <i>Tax Transactions</i> | Rule will not apply to tax services that are completed by a registered public accounting firm prior to June 18, 2006. |
| Rule 3521, <i>Contingent Fees</i> | Rule will not apply to contingent fee arrangements that prior to June 18, 2006, were (1) paid in their entirety, (2) converted to fixed fee arrangements, or (3) otherwise unwound. |
| Rule 3501, <i>Definitions of Terms Employed in Section 3, Part 5 of the Rules</i> ; Rule 3502, <i>Responsibility Not to Knowingly or Recklessly Contribute to Violations</i> ; Rule 3520, <i>Auditor Independence</i> | Effective April 29, 2006. |
| IASB/IFRIC | Status |
| Significant Adoption Dates | |
| IFRS 7, <i>Financial Instruments: Disclosures</i> | Effective for annual periods beginning on or after January 1, 2007. |
| IFRS 6, <i>Exploration for and Evaluation of Mineral Resources</i> | Effective for annual periods beginning on or after January 1, 2006. |
| Amendment to IAS 39, <i>Financial Instruments: Recognition and Measurement</i> , and IFRS 4, <i>Insurance Contracts</i> | Effective for annual periods beginning on or after January 1, 2006. |
| Amendment to IAS 39, <i>Financial Instruments: Recognition and Measurement — The Fair Value Option</i> | Effective for annual periods beginning on or after January 1, 2006. |

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| Amendment to IAS 39, <i>Financial Instruments: Recognition and Measurement — 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 — 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 — Capital Disclosures</i> | Effective for annual periods beginning on or after January 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 — 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. |
| Project in Exposure-Draft Stage | |
| Draft Interpretation D20, <i>Customer Loyalty Programmes</i> | Comments due November 6, 2006. |

Appendix C: Roundup Flash

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

FASB Developments

FASB Issues Final FSPs Related to Statements 126 and 123(R)

Final FSP 126-1

- AFFECTS:** Entities that apply, or should apply, Statement 126.²²
- SUMMARY:** FSP FAS 126-1²³ clarifies the definition of a public entity in certain accounting literature.
- NEXT STEPS:** FSP FAS 126-1 shall be applied in fiscal period beginning after December 15, 2006.

Final FSP 123(R)-5

- AFFECTS:** Entities that apply, or should apply, Statement 123(R).²⁴
- SUMMARY:** FSP FAS 123(R)-5²⁵ amends FSP FAS 123(R)-1.²⁶
- NEXT STEPS:** FSP FAS 123(R)-5 shall be applied in the first reporting period beginning after October 10, 2006.

Final FSP 123(R)-6

- AFFECTS:** Entities that apply, or should apply, Statement 123(R).
- SUMMARY:** FSP FAS 123(R)-6²⁷ provides technical corrections to Statement 123(R).
- NEXT STEPS:** FSP FAS 123(R)-6 shall be applied in the first reporting period beginning after October 20, 2006.

Two Exposure Drafts on Not-for-Profit Organizations

- AFFECTS:** Not-for-profit organizations that have completed or may complete a business combination.
- SUMMARY:** The Exposure Drafts address merger and acquisition accounting guidance for not-for-profit organizations, including for intangible assets after a merger or acquisition.
- NEXT STEPS:** Comments on both Exposure Drafts are due January 29, 2007.

Four Proposed FSPs Issued

Proposed FSP FAS 144-c

- AFFECTS:** Entities with long-lived assets.
- SUMMARY:** Proposed FSP FAS 144-c²⁸ provides guidance on when to classify a long-lived asset as held-for-sale and cease depreciating the asset.
- NEXT STEPS:** Comments are due December 15, 2006.

²² FASB Statement No. 126, *Exemption from Certain Required Disclosures about Financial Instruments for Certain Nonpublic Entities*.

²³ FASB Staff Position No. FAS 126-1, "Applicability of Certain Disclosure and Interim Reporting Requirements for Obligors for Conduit Debt Securities."

²⁴ FASB Statement No. 123(R), *Share-Based Payment*.

²⁵ FASB Staff Position No. FAS 123(R)-5, "Amendment of FASB Staff Position FAS 123(R)-1."

²⁶ FASB Staff Position No. FAS 123(R)-1, "Classification and Measurement of Freestanding Financial Instruments Originally Issued in Exchange for Employee Services Under FASB Statement No. 123(R)."

²⁷ FASB Staff Position No. FAS 123(R)-6, "Technical Corrections of FASB Statement No. 123(R)."

²⁸ Proposed FASB Staff Position No. FAS 144-c, "Classifying and Accounting for a Depreciable Asset as Held-for-Sale When an Equity method Investment Is Obtained."

Proposed FSP FAS 141-b, 142-e, and 144-b

- AFFECTS:** Entities that apply fair value measurements.
- SUMMARY:** Proposed FSP FAS 141-b, 142-e, and 144-b²⁹ provides interim guidance on fair value measurements until Statement 157³⁰ becomes effective.
- NEXT STEPS:** Comments are due November 22, 2006.

Proposed FSP EITF 03-6-a

- AFFECTS:** Entities with share-based payment transactions.
- SUMMARY:** Proposed FSP EITF 03-6-a³¹ addresses whether instruments granted in share-based payment transactions may be participating securities prior to vesting.
- NEXT STEPS:** Comments are due December 19, 2006.

Proposed FSP EITF 00-19-b

- AFFECTS:** Issuers of registration payment arrangements.
- SUMMARY:** Proposed FSP EITF 00-19-b³² addresses an issuer's accounting for registration payment arrangements.
- NEXT STEPS:** Comments are due December 4, 2006.

Tentative Guidance on Statement 133 Implementation Issue

- AFFECTS:** Entities that apply cash flow hedging.
- SUMMARY:** The tentative guidance clarifies what risks may be designated as the risk being hedged in a cash flow hedge of a variable-rate financial asset or liability for which the interest rate is not based solely on an index.
- NEXT STEPS:** This implementation issue will be effective for each reporting entity on the first day of its first fiscal quarter after the date that the FASB-cleared guidance is posted to the FASB's Web site. Comments are due November 14, 2006.

GASB Developments

GASB Invitation to Comment on Fund Balance Reporting and Government Fund Type Definitions

- AFFECTS:** Users of the external financial reports of state and local governmental entities.
- SUMMARY:** The GASB has identified issues that may diminish the usefulness of fund balance, the difference between assets and liabilities in government funds. Therefore, they have issued an Invitation to Comment to obtain comments and perspective on such issues.
- NEXT STEPS:** Comments are due January 31, 2007.

White Paper on the Difference in Governmental Accounting and Financial Reporting

- AFFECTS:** All entities and interested parties.
- SUMMARY:** The GASB White Paper discusses the reasons why governmental accounting and financial reporting are, and should be, different.

²⁹ Proposed FASB Staff Position No. FAS 141-b, 142-e, and 144-b, "Fair Value Measurements in Business Combinations and Impairment Tests."

³⁰ FASB Statement No. 157, *Fair Value Measurements*.

³¹ Proposed FASB Staff Position No. EITF 03-6-a, "Determining Whether Instruments Granted in Share-Based Payment Transactions Are Participating Securities."

³² Proposed FASB Staff Position No. EITF 00-19-b, "Accounting for Registration Payment Arrangements."

AICPA Developments

Second Exposure Draft of Proposed Valuation Standard Act for CPAs

- AFFECTS:** Members of AICPA who perform valuation services.
- SUMMARY:** The AICPA issued an Exposure Draft that provides guidance to improve the consistency and quality of practice among AICPA members performing business valuations.
- NEXT STEPS:** Comments are due December 15, 2006.

SEC Developments

Tender Offer Best-Price Rules Amended

- AFFECTS:** Public entities and their auditors.
- SUMMARY:** The SEC-approved changes to the “best-price” rule.
- NEXT STEPS:** The full release will be posted to the SEC’s Web site as soon as possible.

Proposed Rule Affects Broker-Dealers Also Registered as Futures Commission Merchants

- AFFECTS:** Broker-dealers also registered as futures commission merchants.
- SUMMARY:** The SEC is proposing to amend the net capital rule and early warning provisions to conform to the rules and requirements of the Commodity Futures Trading Commission.
- NEXT STEPS:** Comments are due November 13, 2006.

PCAOB Developments

Q&As Issued on Auditing the Fair Value of Share Options Granted to Employees

- AFFECTS:** Auditors of companies that estimate the fair value of stock options granted to employees pursuant to Statement 123(R).
- SUMMARY:** The Q&As provide guidance for auditing the estimated fair value of stock options granted to employees.

Highlights of the PCAOB’s October 2006 Standing Advisory Group Meeting

- AFFECTS:** Public companies and their auditors.
- SUMMARY:** The Standing Advisory Group met in October 2006 to discuss priorities, future projects to begin in the next year, and certain activities removed from their list.

Appendix D: Abbreviations

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

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

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

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

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