

Accounting Roundup.

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Preface

As we enter a new year, we have taken the opportunity to make a few changes to *Accounting Roundup* that we hope you will find beneficial.

Accounting Roundup will now highlight developments and pronouncements of the Federal Accounting Standards Advisory Board (FASAB) when they occur. Officials from the Secretary of the Treasury, the Director of the Office of Management and Budget, and the Comptroller General established the FASAB to develop accounting standards and principles for the U.S. government. The FASAB Board publishes Statements of Federal Financial Accounting Concepts (SFFAC) and Statements of Federal Financial Accounting Standards (SFFAS), as well as Interpretations, Technical Bulletins, and staff guidance.

We have also relocated Roundup Flash (a brief summary of articles contained in the current *Accounting Roundup* issue) from the Appendix to the front of the newsletter. This placement will allow you to more quickly identify articles that are of interest to you. To access a corresponding article in *Accounting Roundup*, simply click the title of a Roundup Flash summary.

For months that end a calendar quarter, a separate monthly *Accounting Roundup* will no longer be published. Any events that occur during that month will be highlighted in the *Quarter in Review*. Eliminating the separate monthly *Accounting Roundup* will allow us to release the quarterly issues more timely.

We value your feedback and would appreciate any comments you may have on *Accounting Roundup*. Please take a moment to tell us what you think by sending us an email at accountingstandards@deloitte.com.

Roundup Flash

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

FASB Developments

Cleared Guidance on Implementation Issue B40

- AFFECTS:** Companies that use derivative instruments.
- SUMMARY:** The cleared guidance provides a scope exception to paragraph 13(b) of Statement 133¹ for securitized interests in prepayable financial assets.
- NEXT STEPS:** Guidance shall be applied upon adoption of Statement 155.² An entity that adopted Statement 155 prior to December 31, 2006, shall apply the guidance in Implementation Issue B40³ in the first reporting period beginning before December 31, 2006, for which financial statements have not yet been issued.

Proposed FSP for Computing Diluted EPS

- AFFECTS:** Companies with participating securities or two-class common stock.
- SUMMARY:** The FASB has issued proposed FSP FAS 128-a⁴ to provide guidance for computing diluted earnings per share when applying the two-class method. Statement 128⁵ requires the two-class method of computing EPS for securities that are not convertible into a class of common stock.
- NEXT STEPS:** Comments are due by March 27, 2007.

Invitation to Comment on Valuation Guidance

- AFFECTS:** All entities.
- SUMMARY:** The FASB has issued an Invitation to Comment to solicit views on valuation guidance for financial reporting purposes.
- NEXT STEPS:** Comments are due by April 15, 2007. A public roundtable will also be held by the FASB in April 2007 to further discuss the issues in the Invitation to Comment.

FASB Decides Not to Delay Interpretation 48

- AFFECTS:** All companies with tax positions accounted for in accordance with Statement 109.⁶
- SUMMARY:** The FASB decided at the January 17, 2007, Board meeting not to delay the effective date of Interpretation 48.⁷
- NEXT STEPS:** The Interpretation is still effective for fiscal years beginning after December 15, 2006.

FASB Establishes Investors Technical Advisory Committee

- SUMMARY:** The FASB has established the Investors Technical Advisory Committee (ITAC) as a resource in obtaining financial statement user perspectives and insights on Board projects.

¹ FASB Statement No. 133, *Accounting for Derivative Instruments and Hedging Activities*.

² FASB Statement No. 155, *Accounting for Certain Hybrid Financial Instruments*.

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

⁴ Proposed FASB Staff Position No. FAS 128-a, "Computational Guidance for Computing Diluted EPS Under the Two-Class Method."

⁵ FASB Statement No. 128, *Earnings per Share*.

⁶ FASB Statement No. 109, *Accounting for Income Taxes*.

⁷ FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes* — an interpretation of FASB Statement No. 109.

Herz Reappointed as FASB Chairman

SUMMARY: Robert H. Herz has been reappointed to a second five-year term as chairman of the FASB. Mr. Herz's second five-year term will commence on July 1, 2007.

AICPA Developments

AICPA Issues Audit Risk Alerts

AFFECTS: Auditors and audit committees of depository and lending institutions, construction contractors, manufacturers, real estate entities, and common interest realty association entities; accountants performing compilation and review engagements.

SUMMARY: These audit risk alerts update readers on recent economic, industry, technical, regulatory, and professional developments for various industries, as well as on recent practice issues related to compilation and review engagements.

NEXT STEPS: Effective immediately.

ASB Issues SAS 114

AFFECTS: All entities and their auditors.

SUMMARY: The AICPA has issued SAS 114,⁸ which supersedes SAS 61.⁹ The SAS describes matters to be communicated to those charged with governance, including the auditor's responsibilities under generally accepted auditing standards, the planned scope and timing of the audit, the significant findings from the audit, and independence.

NEXT STEPS: The SAS is effective for audits of financial statements for periods beginning on or after December 15, 2006. Earlier application is permitted.

AICPA Issues Framework for Reporting Deficiencies to Insurance Regulators

AFFECTS: All insurance entities and their auditors.

SUMMARY: The NAIC/AICPA Task Force and AICPA staff have issued a publication that gives auditors of insurance companies a framework to use when financial reporting internal control deficiencies are identified during the course of a statutory financial statement audit.

NEXT STEPS: Effective immediately.

SEC Developments

SEC Letter on Filing Restatements for Errors in Accounting for Stock Option Grants

AFFECTS: Public companies preparing to file restated financial statements as a result of errors in accounting for stock option grants.

SUMMARY: The SEC issued a sample letter that provides information for registrants to consider as they prepare to file restatements to correct errors in accounting for stock option grants. The letter includes two methods of amending all previous filings: (1) by either amending the most recently filed Form 10-K or (2) by amending prior-period financial statements in the upcoming Form 10-K if the upcoming filing is due to be filed within two weeks of when the registrant expects to file an amended Form 10-K for the prior year.

NEXT STEPS: Effective immediately.

⁸ AICPA Statement on Auditing Standards No. 114, *The Auditor's Communication With Those Charged With Governance*.

⁹ AICPA Statement on Auditing Standards No. 61, *Communication With Audit Committees*.

SEC Proposed Rule on Universal Internet Availability of Proxy Materials

- AFFECTS:** Public companies.
- SUMMARY:** In January, the SEC proposed additional amendments to the proxy rules that would require companies to furnish proxy materials to shareholders by posting them on the Internet and providing shareholders with notice of their availability.
- NEXT STEPS:** Comments are due March 30, 2007.

Government Agencies Issue Final Statement on Complex Structured Finance Activities

- AFFECTS:** Financial institutions that engage in complex structured finance transactions.
- SUMMARY:** The Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, the Office of the Comptroller of the Currency, the Office of Thrift Supervision, and the SEC have issued a final Statement that describes the types of internal controls and risk management procedures that should help large financial institutions identify, manage, and address the heightened legal and reputational risks that may arise from certain complex structured finance transactions.
- NEXT STEPS:** Effective immediately.

SEC Issues Q&As on Executive Compensation and Related Person Disclosure

- AFFECTS:** Public companies.
- SUMMARY:** The staff of the SEC's Division of Corporation Finance has issued interpretive guidance on Item 402 of Regulation S-K — *Executive Compensation* that addresses frequently asked questions related to the application of the Executive Compensation and Related Person Disclosure rules that were issued by the SEC in August 2006 and the Executive Compensation amendments that were issued in December 2006.
- NEXT STEPS:** Effective immediately.

PCAOB Developments

PCAOB Observations on Auditors' Responsibilities With Respect to Fraud

- AFFECTS:** Auditors of public companies.
- SUMMARY:** Following up on observations made during its review process, the PCAOB issued a report that focuses on auditors' implementation of PCAOB interim standards regarding auditors' responsibilities concerning fraud.
- NEXT STEPS:** Effective immediately.

International Developments

IASB Issues Exposure Draft on Proposed Amendments to IFRS 1

- AFFECTS:** Entities initially adopting IFRS.
- SUMMARY:** The IASB has published an Exposure Draft on proposed amendments to IFRS 1¹⁰ because of concerns from parent companies regarding valuing investments in subsidiaries when they initially adopt IFRS. The Exposure Draft would permit a parent to use a deemed cost or fair value in valuing the investment in a subsidiary.
- NEXT STEPS:** Comments are due by April 27, 2007.

IASB and FASB Hold Roundtable Discussions on Measurement

- AFFECTS:** All entities and interested parties.
- SUMMARY:** The IASB and the FASB are holding roundtable discussions on the measurement phase of the joint conceptual framework project. January roundtable discussions were held in Hong Kong and London.
- NEXT STEPS:** The final roundtable discussion was held February 1, 2007, in Norwalk, Connecticut.

¹⁰ IFRS 1, *First-time Adoption of International Financial Reporting Standards*.

Roundup Articles

FASB Developments

Cleared Guidance on Implementation Issue B40

The FASB has cleared guidance on Implementation Issue B40¹¹ regarding circumstances in which a securitized interest in prepayable financial assets would not be subject to the conditions in paragraph 13(b) of Statement 133.¹² The cleared guidance exempts from the scope of paragraph 13(b) of Statement 133 securitized interests that contain only an embedded derivative that is tied to the prepayment risk of underlying prepayable financial assets.

The cleared guidance also states that to fall within the scope exception, a securitized interest would need to meet **both** of the following criteria:

- The right to accelerate the settlement of the securitized interest cannot be controlled by the investor, **and**
- 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.

A securitized interest would, according to the guidance, be subject to the requirements of paragraph 13(b) of Statement 133 if “it contains any other terms that affect some or all of the cash flows or the value of other exchanges required by the contract in a manner similar to a derivative instrument and those terms create an embedded derivative that requires bifurcation.”

The guidance in Implementation Issue B40 should be applied upon the adoption of Statement 155¹³ except in certain circumstances in which the securitized interest does not contain an embedded derivative for which bifurcation would be required. For entities that have adopted Statement 155 prior to December 31, 2006, Implementation Issue B40 should be applied during the first reporting period beginning before December 31, 2006.

The text of [Implementation Issue B40](#) is available on the FASB’s Web site.

Proposed FSP for Computing Diluted EPS

The FASB has issued proposed FSP FAS 128-a¹⁴ to provide guidance for computing diluted earnings per share (EPS) when applying the two-class method. Statement 128¹⁵ requires the two-class method of computing EPS for securities that are not convertible into a class of common stock. Current guidance provides examples of computing basic EPS under the two-class method, but does not specifically address computing diluted EPS.

¹¹ FASB Statement 133 Implementation Issue No. B40, “Embedded Derivatives: Application of Paragraph 13(b) to Securitized Interests in Prepayable Financial Assets.”

¹² FASB Statement No. 133, *Accounting for Derivative Instruments and Hedging Activities*.

¹³ FASB Statement No. 155, *Accounting for Certain Hybrid Financial Instruments*.

¹⁴ Proposed FASB Staff Position No. FAS 128-a, “Computational Guidance for Computing Diluted EPS Under the Two-Class Method.”

¹⁵ FASB Statement No. 128, *Earnings per Share*.

According to the proposed FSP, the following three-step process should be used to compute diluted EPS:

1. Compute basic EPS using the two-class method.
2. Compute diluted EPS using total earnings allocated to the common stock under Step 1 (with earnings available/allocated to common shareholders as the numerator).
 - If the participating security is also a potential common share, then determine the more dilutive effect under each of the following two approaches:
 - a. Assume the instrument has been exercised, converted, or issued.
 - b. Add back the undistributed earnings allocated to the participating security in arriving at basic EPS.
 - If the participating security is not a potential common share, determine the dilutive effect using Step 2(b) above.
3. Determine whether diluted EPS is required to be presented for a second class of common stock, in accordance with paragraph 61(d) of Statement 128.

The proposed FSP will have the same effective date as proposed FSP EITF 03-6-a,¹⁶ with all prior-period EPS data adjusted retrospectively. The text of [proposed FSP FAS 128-a](#) is available on the FASB's Web site.

Invitation to Comment on Valuation Guidance

The FASB has issued an Invitation to Comment (ITC) to solicit views on valuation guidance for financial reporting purposes. A number of organizations currently issue valuation standards; those standards generally focus on professional practice issues and the application of valuation techniques.

Included in the ITC are questions as to (1) whether a need exists for valuation guidance on financial reporting, (2) what role the FASB and appraisal or other organizations should have, (3) what process should be used in issuing valuation guidance, and (4) whether the guidance should be implemented on a national or international level.

Comments are due by April 15, 2007. The FASB will also hold a public roundtable in April 2007 to further discuss the issues in the ITC. The text of the [ITC](#) is available on the FASB's Web site.

FASB Decides Not to Delay Interpretation 48

The FASB decided at the January 17, 2007, Board meeting **not** to delay the effective date of Interpretation 48.¹⁷ The Interpretation is still effective for fiscal years beginning after December 15, 2006.

To assist with the implementation of the Interpretation, the Board directed the FASB staff to develop guidance on when a tax position is "ultimately settled" under paragraph 10(b) of the Interpretation.

FASB Establishes Investors Technical Advisory Committee

The FASB has established the Investors Technical Advisory Committee (ITAC) to act as a resource in obtaining financial-statement-user perspectives and insights on Board projects. The ITAC will assist in identifying urgent accounting and financial reporting issues, proposing items for addition to the Board's agenda, and providing perspectives as new standards are implemented.

The ITAC will initially comprise 12 individuals from the investment community who have strong technical accounting knowledge. At least twice annually, the FASB will meet with the ITAC in a public session. The ITAC will meet with the FASB staff on a quarterly basis.

¹⁶ Proposed FASB Staff Position No. EITF 03-6-a, "Determining Whether Instruments Granted in Share-Based Payment Transactions Are Participating Securities."

¹⁷ FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes* — an interpretation of FASB Statement No. 109.

Herz Reappointed as FASB Chairman

Robert H. Herz has been reappointed to a second five-year term as chairman of the FASB, commencing on July 1, 2007. During his tenure as chairman of the FASB, Mr. Herz has overseen the FASB's initiatives to integrate and codify all current non-governmental accounting pronouncements from multiple sources and to develop more principles-based accounting standards. In addition, Mr. Herz oversaw the IASB and FASB's agreement to work together to develop a common set of international accounting standards to serve the global capital markets.

Prior to his initial appointment as FASB chairman, Mr. Herz served as the senior technical partner for PricewaterhouseCoopers. Mr. Herz has served as chairman of the AICPA SEC Regulations Committee and the Transnational Auditors Committee of the International Federation of Accountants. He has also served as a member of the EITF, the American Accounting Association's Financial Accounting Standards Committee, the SEC Practice Section Executive Committee of the AICPA, and the International Capital Markets Advisory Committee of the New York Stock Exchange.

A press release announcing Mr. Herz's [reappointment](#) is available on the FASB's Web site.

AICPA Developments

AICPA Issues Audit Risk Alerts

The AICPA has issued new industry specific audit risk alerts. These new alerts cover the following industries:

- [Banks, Credit Unions, and Other Lenders and Depository Institutions Industry Developments](#)
- [Construction Contractors Industry Developments](#)
- [Manufacturing Industry Developments](#)
- [Real Estate Industry Developments](#)
- [Common Interest Realty Associations Industry Developments](#)

These audit risk alerts give financial statement auditors an overview of recent economic, industry, technical, regulatory, and professional developments that may affect the audits they perform.

The AICPA has also issued an audit risk alert for [Compilation and Review Engagements](#). The risk alert provides professionals with an update on recent practice issues and professional standards that affect compilation and review engagements.

ASB Issues SAS 114

The AICPA's Auditing Standards Board issued SAS 114,¹⁸ which supersedes SAS 61.¹⁹ SAS 114 defines the terms **"those charged with governance"** and **"management"** as well as describes the role of communication and with whom communication is required. The SAS also outlines matters to be communicated, including the auditor's responsibilities under generally accepted auditing standards, the planned scope and timing of the audit, the significant findings from the audit, and independence. The form, timing, and adequacy of the communication process and the documentation requirements are also detailed in the SAS.

The SAS is effective for audits of financial statements for periods **beginning** on or after December 15, 2006. Earlier application is permitted. An [executive summary](#) of SAS 114 is available on the AICPA's Web site. The complete SAS can be purchased online from the [AICPA Store](#).

AICPA Issues Framework for Reporting Deficiencies to Insurance Regulators

Section 11 of the NAIC Model Audit Rule requires all insurers to provide a written report of significant deficiencies in the insurer's internal controls to the department of insurance of each applicable state. The current NAIC Model Audit Rule is

¹⁸ AICPA Statement on Auditing Standards No. 114 (AU Section 360), *The Auditor's Communication With Those Charged With Governance*.

¹⁹ AICPA Statement on Auditing Standards No. 61, *Communication With Audit Committees*.

based on SAS 60.²⁰ The NAIC has updated the NAIC Model Audit Rule to incorporate the new definitions of internal control deficiencies identified in SAS 112;²¹ however, the revised NAIC Model Audit Rule will not be effective until 2010.

As a result, the NAIC/AICPA Task Force and AICPA staff have issued a publication, *A Statutory Framework for Reporting Significant Deficiencies and Material Weaknesses in Internal Control to Insurance Regulators*, that gives auditors a suggested framework to use when financial reporting internal control deficiencies are identified during the course of a statutory financial statement audit in accordance with SAS 112. The text of the [publication](#) is available on the AICPA's Web site.

SEC Developments

SEC Letter on Filing Restatements for Errors in Accounting for Stock Option Grants

Because of the recent focus on stock option “backdating,” several companies have examined their practices related to the granting of stock options and have identified errors in accounting for grants of stock options that affect several previous years. Many registrants indicated that (1) they would be unduly burdened if they had to amend, as required by SEC regulations, all previously filed reports that are affected by the errors and (2) readers could have difficulty understanding the impact of the restatement. In late December 2006, the SEC’s Division of Corporation Finance issued a sample letter that provides information for registrants to consider as they prepare to file restatements with the Commission to correct errors in accounting for stock option grants.

The sample letter offers two alternatives to amending all previous filings affected by the errors. According to the letter, a registrant may either:

- Amend the most recently filed Form 10-K and include comprehensive disclosures reflecting detailed information about the nature and amount of errors affecting *all* prior periods (see below for more information about the comprehensive disclosures), **or**
- Amend prior period financial statements and include comprehensive disclosures in the upcoming Form 10-K if the registrant’s upcoming Form 10-K is due to be filed within two weeks from when the registrant expects to file an amended Form 10-K for the prior year.

Under either alternative, the financial statements are restated to correct the error (and the financial statement columns are labeled “restated”) with a cumulative-effect adjustment to opening retained earnings as of the earliest period presented.

The comprehensive disclosures are outlined in the sample letter and include, among other items:

- An explanatory note at the beginning of the Form 10-K discussing the reason for the amendment.
- Restated Selected Financial Data for the most recent five fiscal years.
- A revised Management’s Discussion and Analysis (MD&A) based on the restated financial information.
- If applicable, restated interim period information for the most recent two fiscal years.
- Footnote disclosure reconciling the previously filed financial information to the restated financial information.
- Disclosures referred to in the letter from the SEC Chief Accountant dated September 19, 2006.
- Audited footnote disclosure of the nature and amount of each material type of error that is included in the cumulative adjustment to opening retained earnings.
- Audited footnote disclosure of restated stock-based compensation cost for all periods misstated.
- For any material weaknesses identified as a result of the restatement, appropriate revisions to the disclosures in Items 9A, Controls and Procedures, and 9B, Other Information, of the Form 10-K. Registrants should refer to the [May 16, 2005, Staff Statement on Management’s Report on Internal Controls Over Financial Reporting](#) for additional information on disclosing material weaknesses.

²⁰ AICPA Statement on Auditing Standards No. 60 (AU Section 325A), *Communication of Internal Control Related Matters Noted in an Audit*.

²¹ AICPA Statement on Auditing Standards No. 112 (AU Section 325), *Communicating Internal Control Related Matters Identified in an Audit*.

The sample letter also indicates that the Division of Corporation Finance will not comment on the registrant's need to amend prior filings to restate financial statements and MD&A if the registrant complies with the sample letter's provisions. However, the guidance in the sample letter does not mean that registrants are protected from other comments related to the filing or further actions by the SEC's Division of Enforcement. The [sample letter](#) is available on the SEC's Web site.

Also see Deloitte & Touche's [SEC Alert 07-1](#), *SEC Issues Letter on Filing Restated Financial Statements for Errors in Accounting for Stock Option Grants*, issued in January 2007.

SEC Proposed Rule on Universal Internet Availability of Proxy Materials

As discussed in the December issue of [Accounting Roundup](#), the SEC voted to adopt amendments to its proxy rules that would **allow** companies to furnish proxy materials to shareholders over the Internet through a "notice-and-access" model.

In January, the SEC proposed additional amendments to the proxy rules that would **require** companies to furnish proxy materials to shareholders by posting the materials on the Internet and providing shareholders with notice of their availability. The intention of the proposed amendments is to provide all shareholders the ability to choose the method in which they receive proxy materials, lower the cost of proxy solicitations from utilization of Internet technology, and ultimately to improve shareholder communication. The SEC believes that universal Internet availability of proxy materials can significantly enhance investors' ability to make more informed voting decisions.

The proposed rule would be effective for large accelerated filers, not including registered investment companies, on January 1, 2008, and for all other issuers, including registered investment companies, on January 1, 2009.

Comments on the rule proposal must be received by the Commission by March 30, 2007. The [proposed rule](#) and the instructions and contact information for comments are available on the SEC's Web site.

Government Agencies Issue Final Statement on Complex Structured Finance Activities

The Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, the Office of the Comptroller of the Currency, the Office of Thrift Supervision, and the SEC have issued a final Statement on complex structured finance activities. The Statement describes the types of internal controls and risk management procedures that should help large financial institutions identify, manage, and address the heightened legal and reputational risks that may arise from certain complex structured finance transactions.

The final Statement is substantially similar to the Revised Statement issued for comment in May 2006 and described in the [May 2006 Accounting Roundup](#). There have been minor modifications made to address comments received on the revised statement to clarify the principles, scope, and intent of the final Statement.

The Statement represents supervisory guidance for institutions supervised by the four banking agencies and serves as a policy statement for institutions supervised by the SEC. As part of the ongoing supervisory process, the agencies will use the final Statement in reviewing the internal controls and risk management policies, procedures, and systems of financial institutions that are engaged in complex structured finance transactions.

The [final Statement](#) and a [press release](#) announcing it are available on the SEC's Web site.

SEC Issues Q&As on Executive Compensation and Related Person Disclosure

The staff of the SEC's Division of Corporation Finance has issued interpretive guidance on Item 402 of Regulation S-K — *Executive Compensation*. The guidance addresses frequently asked questions related to the application of the Executive Compensation and Related Person Disclosure rules that were issued by the SEC in August 2006 and the Executive Compensation amendments that were issued in December 2006. It also addresses questions and answers regarding general applicability of the interim final rules and offers interpretive responses for specific situations.

This guidance replaces Item 402 of Regulation S-K Interpretations in the July 1997 Manual of Publicly Available Telephone Interpretations and the March 1999 Supplement to the Manual of Publicly Available Telephone Interpretations.

A copy of the [Interpretive guidance on item 402 of Regulation S-K — Executive Compensation](#) is available on the SEC's Web site.

PCAOB Developments

PCAOB Observations on Auditors' Responsibilities With Respect to Fraud

In January, the PCAOB issued a report that focuses on the implementation of PCAOB interim standards regarding auditors' responsibilities concerning fraud.

This report does not change or propose to change any existing PCAOB standard, nor is the PCAOB providing any new interpretation. Rather, the report identifies observations made during the PCAOB inspection process and is intended to focus auditors on their responsibilities concerning fraud and provide information to audit committees.

The report covers the following topics:

- Auditor's Overall Approach to the Detection of Financial Fraud
- Required Brainstorming Sessions and Fraud-Related Inquiries
- Auditor's Response to Fraud Risk Factors
- Financial Statement Misstatements
- Risk of Management Override of Controls
- Other Areas to Improve Fraud Detection

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

International Developments

IASB Issues Exposure Draft on Proposed Amendments to IFRS 1

In a response to concerns about difficulties of parent companies measuring a subsidiary's investment cost upon initial adoption of IFRS, the IASB has published an Exposure Draft on proposed amendments to IFRS 1.²² IFRSs currently require a parent company to measure the investment in a subsidiary either at cost or fair value.

The Exposure Draft would permit a parent to use a **deemed cost**, determined by the parent's investment in the net assets of the subsidiary, or the fair value of the parent's investment, to measure the investment in a subsidiary when it first adopts IFRSs. The Exposure Draft would also alleviate the need to restate the pre-acquisition accumulated profits of a subsidiary for purposes of classifying dividends.

The [Exposure Draft](#) is available on the IASB's Web site. Comments on the Exposure Draft are due by April 27, 2007. A full text of the [news release](#) about the Exposure Draft is also available on the IASB's Web site.

IASB and FASB Hold Roundtable Discussions on Measurement

As part of the joint conceptual framework project, the IASB and FASB are holding roundtable discussions on measurement. The primary objectives of the roundtable meetings are to hear the views from constituents of the IASB and FASB early in the measurement phase of the conceptual framework project. The discussions will focus on the appropriateness of the measurement issues identified, and whether the initial inventory of potential measurement bases prepared by the project staff is substantially complete and understandable. In January, roundtable meetings were held in Hong Kong and London. The final of the three roundtable meetings was held February 1 in Norwalk, Connecticut. The [press release](#), a [background paper](#), and a [webcast](#) on the measurement roundtables are available on the IASB's Web site.

²² IFRS 1, *First-time Adoption of International Financial Reporting Standards*.

Appendix A: Recent Meetings

Recent FASB Meetings

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

January 3, 2007

The Board discussed the following topic:

- [Liabilities and Equity: Short-Term Improvements Based on Certain Liability & Equity Decisions](#)

January 17, 2007

The Board discussed the following topics:

- Delay of Interpretation 48 Effective Date
- Computational Guidance for Computing Diluted Earnings Per Share Under the Two-Class Method

January 24, 2007

The Board discussed the following topics:

- [Financial Statement Presentation](#)
- [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 ASB Meeting

At its January 9–11, 2007, meeting, the ASB discussed the following topics:

- Clarity
- Quality Control
- Management Representations
- Required Supplementary Information/Supplementary Information

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

Recent AcSEC Meetings

At its January 9–10, 2007, meeting, the AcSEC discussed the following topics:

- Comment Letters on the NonProfit Organization Business Combinations Exposure Drafts
- Comment Letters on the GASB's Conceptual Framework Elements Exposure Draft

- Casino Audit and Accounting Guide
- Healthcare Audit and Accounting Guide
- Airline Audit and Accounting Guide

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

Recent FASAB Meetings

At its January 17–18, 2007, meeting, the FASAB discussed the following:

- Financial Reporting Model
- Sustainability Reporting
- Natural Resources — Oil and Gas
- Items Held for Remanufacture
- Actuarial Gains/Losses, Discount Rates
- Federal Entity Project Plan

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

Recent IASB Meetings

January 22, 2007

The IASB met in London with the Corporate Reporting Users' Forum (CRUF) and discussed:

- CRUF Principles
- Engagement by Users in IASB's Process
- Conceptual Framework

A copy of the [agenda](#) for this meeting is available on the IASB's Web site.

January 23–25, 2007

The IASB met in London and discussed:

- Intangible Assets
- Liabilities — Amendments to IAS 37, *Provisions, Contingent Liabilities and Contingent Assets*
- Business Combinations II
- Income Taxes
- Liability and Equity
- Financial Instruments — Due Process Document
- IAS 24, *Related Party Disclosures*
- International Financial Reporting Standard for Small and Medium-sized Entities
- Financial Instruments Puttable at Fair Value
- IFRS 2, *Share-based Payment* — Exposure Draft: Vesting Conditions and Cancellations

- Insurance Contracts
- Management Commentary
- Financial Statement Presentation Phase B

The full [agenda](#) of the meeting and the [agenda papers](#) for various topics discussed at the meeting are available 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 January 11–12, 2007, and discussed:

- IFRIC Due Process Handbook
- D20, *Customer Loyalty Programmes*
- IAS 19, *Employee Benefits* — Distinction Between Curtailments and Negative Past Service Costs
- IAS 19, *Employee Benefits* — Timetable for Outstanding Items
- IAS 39, *Financial Instruments: Recognition and Measurement* — Definition of a Derivative — Indexation on Own EBITDA or Own Revenue
- IAS 18, *Revenue* — Revenue Recognition in Respect of Initial Fees
- IAS 38, *Intangible Assets* — Treatment of Catalogues and Other Advertising Costs
- IAS 21, *The Effects of Changes in Foreign Exchange Rates* — Hedging a Net Investment
- IAS 41, *Agriculture* — Recognition and Measurement of Biological Assets and Agricultural Produce
- Review of Tentative Agenda Decisions Published in November 2006 IFRIC Update
- Staff Recommendations for Tentative Agenda Decisions

The [agenda](#) for the meeting is available on the IASB's Web site. [Summaries](#) of this and previous IFRIC meeting decisions 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, AICPA/AcSEC, SEC, PCAOB, GASB/GAO, FASAB, 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.
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 EITF 00-19-2, "Accounting for Registration Payment Arrangements"	Effective immediately for registration payment arrangements and the financial instruments subject to those arrangements that are entered into or modified subsequent to December 21, 2006. Otherwise, effective for financial statements issued for fiscal years beginning after December 15, 2006, and interim periods within those fiscal years.
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 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 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.
Projects in Exposure-Draft or Request-for-Comment Stage	
Exposure Draft, <i>Disclosures About Derivative Instruments and Hedging Activities</i> — an amendment of FASB Statement No. 133	Comments due March 2, 2007.
Proposed FSP FAS 128-a, "Computational Guidance for Computing Diluted EPS Under the Two-Class Method"	Comments due March 27, 2007.
Exposure Draft, <i>Valuation Guidance for Financial Reporting</i>	Comments due April 15, 2007.
EITF	Status
Significant Adoption Dates	
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 05-1, "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.

AICPA/AcSEC	Status
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 114, <i>The Auditor's Communication With Those Charged With Governance</i>	Effective for audits of financial statements for periods beginning on or after December 15, 2006.
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.
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.
<i>Professional Standards</i> , ET Section 100.01 — <i>Conceptual Framework for AICPA Independence Standards</i>	Effective April 30, 2007.
Revision to AICPA <i>Professional Standards</i> , ET Section 501.02	Effective April 30, 2006.
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.

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 CPCAF Alert #90)</i>	Effective April 19, 2006.
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.
Project in Exposure-Draft Stage	
Exposure Draft, AICPA Statement on Standards for Accounting and Review Services, <i>Elimination of Certain References to Statements on Auditing Standards and Incorporation of Appropriate Guidance Into Statements on Standards for Accounting and Review Services</i>	Comments due May 18, 2007.
SEC	Status
Significant Adoption Dates	
Final Rule, <i>Internal Control Over Financial Reporting in Exchange Act Periodic Reports of Non-Accelerated Filers and Newly Public Companies</i>	For non-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 December 15, 2008. Management's report is required for fiscal years ending on or after December 15, 2007. For a newly public company, the requirement to provide either a management assessment of internal control over financial reporting or an auditor attestation report will be effective when it files its second annual report with the SEC.
Final Rule, <i>Internal Control Over Financial Reporting in Exchange Act Periodic Reports of Foreign Private Issuers That Are Accelerated Filers</i>	For foreign private issuers that are accelerated filers (but not large accelerated filers), 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.
Interim Final Rule, <i>Executive Compensation Disclosure</i>	Effective December 29, 2006. Comments received by January 21, 2007, will be considered in decisions to make revisions.
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.
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>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.

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.
Final Rule, <i>Availability of Proxy Materials Over Internet</i>	Effective March 30, 2007. The rule is open to public comments until March 30, 2007 through a separate release. The issuers may not issue a notice of availability of proxy materials over internet until July 30, 2007.
Projects in Request-for-Comment Stage	
Reproposed Rule, <i>Termination of a Foreign Private Issuer's Registration of a Class of Securities Under Section 12(g) and Duty to File Reports Under Section 13(a) or 15(d) of the Securities Exchange Act of 1934</i>	Comments due February 12, 2007.
Proposed Interpretative Guidance, <i>Management's Report on Internal Control Over Financial Reporting</i>	Comments due February 27, 2007.
Request for Additional Comment on SEC Proposed Rule, <i>Investment Company Governance</i>	Comments due March 2, 2007.
Proposed Rule, <i>Prohibition of Fraud by Advisers to Certain Pooled Investment Vehicles; Accredited Investors in Certain Private Investment Vehicles</i>	Comments due March 9, 2007.
Proposed Rule, <i>Exemptions for Banks Under Section 3(a)(5) of the Securities Exchange Act of 1934 and Related Rules</i>	Comments due March 26, 2007.
Proposed Rule, <i>Definitions of Terms and Exemptions Relating to the "Broker" Exceptions for Banks Agencies</i>	Comments due March 26, 2007.
Proposed Rule, <i>Universal Availability of Proxy Materials</i>	Comments due March 30, 2007
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.
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.
Release No. 2006-008, <i>Amendments to Board Rules Relating to Inspections</i>	Effective December 8, 2006.
Projects in Request-for-Comment Stage	
Proposed Auditing Standard, <i>An Audit of Internal Control Over Financial Reporting That Is Integrated With an Audit of Financial Statements and Related Other Proposals</i>	Comments due February 26, 2007.
Proposed Auditing Standard, <i>Considering and Using the Work of Others in an Audit</i>	Comments due February 26, 2007.
Proposed Rule 3525, <i>Audit Committee Pre-approval of Services Related to Internal Control Over Financial Reporting</i>	Comments due February 26, 2007.
Proposed Amendments to PCAOB Interim Standards	Comments due February 26, 2007.
GASB/GAO	Status
Significant Adoption Dates	
Statement No. 49, <i>Accounting and Financial Reporting for Pollution Remediation Obligations</i>	Effective for financial statements for periods beginning after December 15, 2007.
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.
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 1 governments in periods beginning after December 15, 2006. Phase 2 governments in periods beginning after December 15, 2007. Phase 3 governments in periods beginning after December 15, 2008.
Statement 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.
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.

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.
Projects in Exposure-Draft or Invitation-to-Comment Stage	
Exposure Draft, <i>Pension Disclosures</i> — an amendment of GASB Statements No. 25 and No. 27	Comments due February 28, 2007.
Exposure Draft, <i>Accounting and Financial Reporting for Intangible Assets</i>	Comments due March 23, 2007.
FASAB	Status
Significant Adoption Dates	
Technical Bulletin 2006-1, <i>Recognition and Measurement of Asbestos-Related Cleanup Costs</i>	Effective for periods beginning after September 30, 2009.
SFFAS 31, <i>Accounting for Fiduciary Activities</i>	Effective for periods beginning after September 30, 2008.
SFFAS 30, <i>Entity Cost Implementation: Amending SFFAS 4, Managerial Cost Accounting Standards and Concepts</i>	Effective for periods beginning after September 30, 2006.
SFFAS 29, <i>Heritage Assets and Stewardship Land</i>	Effective for periods beginning after September 30, 2006.
SFFAS 26, <i>Presentation of Significant Assumptions for the Statement of Social Insurance: Amending SFFAS 25</i>	Effective for periods beginning after September 30, 2006.
Project in Request-for-Comment Stage	
Exposure Draft of proposed SFFAS, <i>Accounting for Social Insurance</i>	Comments due April 16, 2007.
IASB/IFRIC	Status
Significant Adoption Dates	
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.
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 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.
Project in Request-for-Comment Stage	
IASB Discussion Paper, <i>Fair Value Measurements</i>	Comments due April 2, 2007.
IASB Exposure Draft, Proposed Amendments to IFRS 1, <i>First-time Adoption of International Financial Reporting Standards — Cost of an Investment in a Subsidiary</i>	Comments due April 27, 2007.

Appendix C: Abbreviations

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

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