Accounting Roundup
Third Quarter in Review — 2012

To our clients, colleagues, and other friends:

Welcome to the quarterly edition of *Accounting Roundup.* During the third quarter of 2012, the FASB and IASB continued to make progress on their respective technical agendas. The IASB issued a staff draft of its new hedge accounting model, and the FASB began deliberating a new model for the impairment of financial assets. The boards also jointly addressed a number of "sweep" issues related to their leases project. In addition, the EITF and IFRIC held meetings in September to discuss items on their respective agendas.

In other news, over the past three months, the SEC has issued a number of new disclosure requirements related to items such as (1) conflict minerals, (2) payments made by issuers engaged in resource extraction, and (3) sanctionable activities with Syria and Iran. Further, the SEC staff released its final report on the incorporation of IFRSs in the United States. The SEC is also currently weighing in on the PCAOB's Auditing Standard 16, which addresses an auditor's communication with audit committees.

Note that in this quarterly edition, an asterisk in the article title denotes events that occurred in September or that were not addressed in the July or August issues of *Accounting Roundup*, including updates to previously reported topics. Events without asterisks were covered in those monthly issues.

As usual, click any title in the table of contents to go directly to the article. For additional information about a topic, click the hyperlinks, which are blue. You can find further details on the Web sites of the various accounting standard setters and regulators, including the FASB, GASB, SEC, PCAOB, AICPA, and IASB.

Be sure to monitor upcoming issues of *Accounting Roundup* for new developments. We value your feedback and would appreciate any comments you may have on *Accounting Roundup: Third Quarter in Review — 2012*. Take a moment to tell us what you think by sending us an e-mail at accountingstandards@deloitte.com.

Dbriefs for Financial Executives

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For more information, please see our complete *Dbriefs* program guide or click a link below for more information about any of these upcoming *Dbriefs* webcasts (all webcasts begin at 2:00 p.m. (EDT or EST) unless otherwise noted):

- Wednesday, October 3: Balance Sheet Integrity in the Last Mile of Finance.
- Monday, October 15: Legal and IT Functions: Opportunities for Collaboration.
- Wednesday, October 17, 3:00 p.m. (EDT): Evolution of the Finance Operating Model.
- Monday, November 5: Supply Chain Risk: Protecting Your Organization in the New Era of Exposures.
- Tuesday, November 6: Sustainability Analytics: Gaining a 3D View of Your Value Chain.
- Wednesday, November 7: EITF Roundup: Highlights From the November Meeting.
- Thursday, November 8: Tax Legislation: Will the Election Prompt Significant Change?
- Monday, November 12: Capitalizing on Cash: Evaluating Options for Overseas Cash.
- Wednesday, November 14, 3:00 p.m. (EST): Working Capital Performance: Innovations Aimed at Creating Enterprise Value.
- Tuesday, November 27: SEC Hot Topics.
- Tuesday, December 4: Workforce Transformation: Improving Operations Through a Sustainability Lens.
- Wednesday, December 5: 2012 Proxy Season Observations: Looking Ahead to the 2013 Season.

- Thursday, December 6: The Election Is Over: Where Do We Go From Here?
- Wednesday, December 19, 3:00 p.m. (EST): The CFO as a Catalyst to Better Decision-Making.
- Thursday, December 20: Quarterly Accounting Roundup.

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Deloitte Publications

Publication	Title	Affects
September 27, 2012, *Heads Up*	*SEC Issues Final Rule Requiring Resource Extraction Issuers to Disclose Certain Payments*	SEC registrants.
September 27, 2012, *Heads Up*	*Overview of Board Decisions on the Leases Project*	All entities.
September 24, 2012, *Heads Up*	*Update on FASB's Project on Classifying and Measuring Financial Instruments*	All entities.
September 18, 2012, *Heads Up*	*PCAOB Approves Auditing Standard on Communications With Audit Committees*	Registered public accounting firms and their clients.
September 11, 2012, *Heads Up*	*SEC Issues Final Rule on Conflict Minerals*	SEC registrants.
September 2012 *EITF Snapshot*		All entities.
September 2012 *Power & Utilities Industry Spotlight*	*CSAPR Vacated by Court of Appeals*	Power and utilities entities.
August 30, 2012, *Heads Up*	*Information for Audit Committees About the PCAOB Inspection Process*	Registered public accounting firms and their clients.
August 21, 2012, *Heads Up*	*FASB Proposes New Disclosures for Reclassification Adjustments Out of AOCI*	All entities.
August 7, 2012, *Heads Up*	*Update on the Project to Enhance COSO's Internal Control — Integrated Framework*	All entities.
August 7, 2012, *Heads Up*	*FASB Issues Discussion Paper on Private-Company Decision-Making Framework*	Private companies.
August 2012 *Insurance Industry Spotlight*	*The Sun Sets on Direct-Response Advertising*	Insurance entities.
July 27, 2012, *Heads Up*	*FASB Finalizes Amendments on Testing Indefinite-Lived Intangible Assets for Impairment*	All entities.
July 19, 2012, *Heads Up*	*SEC Issues Final Report on Incorporation of IFRSs*	All entities.
July 17, 2012, *Heads Up*	*FASB Issues Discussion Paper on the Disclosure Framework*	All entities.
July 6, 2012, *Heads Up*	*Financial Reporting Implications of the Eurozone's Economic Struggles*	All entities.
July 5, 2012, *Heads Up*	*FASB Proposes Guidance on the Liquidation Basis of Accounting*	All entities.
July 3, 2012, *Heads Up*	*FASB Issues Proposed Requirements for Disclosing Liquidity and Interest Rate Risk*	All entities.
July 2012 *Financial Services Industry Spotlight*	*Special Edition — ASU 2011-04: A Few Good Disclosures*	All entities.

Leadership Changes

EITF: Terri Z. Campbell, Jackson Day, and Larry J. Salva have been appointed as new members. They will serve initial five-year terms that are renewable at the discretion of the EITF chairman. For more information on these appointments, see the September 10, 2012, press release on the FASB's Web site.

IFRS Foundation: Mitsuhiro Takemura has been appointed as the new office director of the IASB Foundation's Asia-Oceania liaison office and will begin his new role in October 2012. Mr. Takemura is currently a partner at Deloitte.

IVSC: Sir David Tweedie has been appointed as chairman-elect of the IVSC's board of trustees and will assume the role of chairman on October 29, 2012. Before his appointment, Mr. Tweedie served as chairman of the IASB from 2001 to 2011.

PCAOB: Gregory J. Jonas has been appointed as director of the PCAOB's Office of Research and Analysis. Before his appointment, Mr. Jonas served as managing director of Morgan Stanley's Equity Research Group.

PCC: The FAF appointed the initial members of its newly formed PCC and named Billy M. Atkinson as the chairman of the new organization. Before his appointment, Mr. Atkinson served as chairman of the NASBA from 2009 to 2010.

SEC: Paul Beswick has been appointed as the acting chief accountant in the SEC's Office of the Chief Accountant. Mr. Beswick replaces Jim Kroeker, who left the Commission on July 13, 2012. In addition, John J. Cross III has been appointed as director of the SEC's new Office of Municipal Securities. Before his appointment, Mr. Cross served as the associate tax legislative counsel in the Office of Tax Policy in the U.S. Treasury Department.

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Contents

Accounting Developments

Bank Accounting

OCC Publishes Update to BAAS*

Affects: Banking entities.

Summary: On July 25, 2012, the OCC's Office of the Chief Accountant released an update to its BAAS, which provides the OCC's views on various accounting-related topics that apply to banks and federal savings associations. This update includes new Q&As on TDRs, nonaccrual accounting, and insurance claims, among other items.

Other Resources: For more information, see the press release on the OCC's Web site.

Codification

FASB Issues ASU Finalizing Technical Amendments and Corrections to Codification

Affects: All entities.

Summary: On August 27, 2012, the FASB issued ASU 2012-03, which amends a number of SEC sections in the *FASB Accounting Standards Codification* as a result of (1) the issuance of SAB 114, (2) the issuance of SEC Final Rule 33-9250, and (3) corrections related to ASU 2010-22.

Consolidation

FASB Begins Redeliberating Proposed Consolidation Model

Affects: All entities.

Summary: At its August 29, 2012, meeting, the FASB began redeliberating its November 2011 proposed ASU on the principal-versus-agent analysis. In line with the proposal, the Board decided that participating rights should be evaluated consistently under the various consolidation models in ASC 810. The Board also agreed to (1) exclude the consideration of the purpose and design of an entity as a specific factor in the principal-versus-agent analysis and (2) clarify how the purpose and design of an entity should be considered in the analysis for each of the consolidation models.

Other Resources: For more information on the consolidation project, see the project page on the FASB's Web site.

Disclosure Framework

FASB Issues Discussion Paper on Disclosure Framework

Affects: All entities.

Summary: On July 12, 2012, the FASB issued a DP to obtain feedback from stakeholders on its project to develop a framework to make financial statement disclosures "more effective, coordinated, and less redundant." The DP identifies aspects of the notes to the financial statements that need improvement and explores possible ways to improve them. If implemented, some of the ideas in the DP could significantly change the Board's process for creating disclosure requirements in future standards and could alter existing requirements.

Next Steps: Comments on the DP are due by November 16, 2012.

Other Resources: Deloitte's July 17, 2012, *Heads Up*. Also see the *FASB in Focus* on the FASB's Web site.

EITF

Task Force Reaches Final Consensuses on Three EITF Issues and Consensuses-for-Exposure on Two EITF Issues*

Affects: All entities.

Summary: At its September 11, 2012, meeting, the EITF discussed five Issues:

- Issue 11-A, "Parent's Accounting for the Cumulative Translation Adjustment (CTA) Upon the Sale or Transfer of a Group of Assets Within a Consolidated Foreign Entity That Meets the Definition of a Business."
- Issue 12-A, "Not-for-Profit Entities: Classification of the Sale of Donated Financial Assets in the Statement of Cash Flows."
- Issue 12-C, "Subsequent Accounting for an Indemnification Asset Recognized at the Acquisition Date as a Result of a Government-Assisted Acquisition of a Financial Institution."
- Issue 12-E, "Accounting for Fair Value Information That Arises After the Measurement Date and Its Inclusion in the Impairment Analysis of Unamortized Film Costs."
- Issue 12-G, "Accounting for the Difference Between the Fair Value of the Assets and Liabilities of a Consolidated Collateralized Financing Entity."

The Task Force reached consensuses-for-exposure on Issues 11-A and 12-G and final consensuses on Issues 12-A, 12-C, and 12-E. It also added to its agenda a new EITF Issue on accounting for service concession arrangements.

Next Steps: The EITF's next meeting is scheduled for November 1, 2012.

Other Resources: Deloitte's September 2012 *EITF Snapshot*.

FASB Ratifies Two EITF Proposals

Affects: All entities.

Summary: On July 23, 2012, the FASB exposed the following two proposed ASUs for public comment in response to consensuses-for-exposure reached at the EITF's June meeting:

- *Not-for-Profit Entities: Personnel Services Received From an Affiliate for Which the Affiliate Does Not Seek Compensation*.
- *Obligations Resulting From Joint and Several Liability Arrangements*.

Comments on the proposed ASUs were due by September 20, 2012.

Other Resources: Deloitte's June 2012 *EITF Snapshot*.

Financial Instruments

FASB Continues Discussions of Classification and Measurement*

Affects: All entities.

Summary: During the third quarter of 2012, the FASB reached tentative decisions on a number of issues related to the classification and measurement phase of its AFI project. Some of the more significant topics discussed by the FASB included:

- Whether nonpublic entities should be required to present or disclose fair value measurements for financial instruments measured at amortized cost.
- How entities should account for reclassifications of financial instruments between the FV-NI, FV-OCI, and amortized-cost measurement categories.
- How entities should measure, and where they should present, foreign-currency gains and losses on financial instruments classified as FV-OCI.

- How entities should present, in their financial statements, amortized-cost financial instruments that are subsequently identified for sale.

Next Steps: The FASB and IASB expect to issue EDs on classification and measurement in the fourth quarter of 2012.

Other Resources: Deloitte's September 24, 2012, *Heads Up*.

IASB and FASB Continue Impairment Deliberations*

Affects: All entities.

Summary: During the third quarter of 2012, the IASB nearly finished deliberating its proposed impairment model for financial instruments (sometimes referred to as the "three-bucket approach"). Items discussed by the IASB during the third quarter included (1) whether the proposed impairment model should apply to trade and lease receivables, loan commitments not measured at FV-NI, and financial guarantees not measured at FV-NI and not accounted for as insurance and (2) disclosure requirements.

The FASB, on the other hand, spent the majority of the third quarter developing an alternative to the IASB's proposed model after feedback from FASB constituents suggested that the IASB's model is difficult to understand, audit, and operationalize. The alternative model — referred to by the FASB as the CECL model — is intended to address constituents' concerns by establishing a single measurement approach (rather than the dual-measurement model under the three-bucket approach) for impairment of an entity's financial assets. The following is a summary of the more significant decisions reached by the FASB about the CECL model:

- The CECL model's measurement approach would be expected credit losses (i.e., an entity's current estimate of contractual cash flows not expected to be collected). Therefore, as of each reporting date, an entity would recognize a credit impairment allowance equal to its current estimate of expected credit losses. Furthermore, the measurement of expected credit losses would (1) be an expected value (i.e., a probability-weighted average of at least two possible outcomes) and not the most likely outcome and (2) incorporate the time value of money.
- The CECL model would not include a recognition threshold (e.g., probable), and interest income would continue to be "decoupled" from credit losses (i.e., interest income would be based on contractual cash flows).
- The information that an entity would consider in estimating expected credit losses would include "all supportable internally and externally available information considered relevant in making the forward-looking estimate, including information about past events, current conditions, and reasonable and supportable forecasts and their implications for expected credit losses."
- The alternative model would not prescribe a unit of account (e.g., an individual asset or a group of financial assets) for use in the measurement of credit impairment.
- The recognition of impairment for purchased credit-impaired (PCI) financial assets would be in line with the expected-credit-loss concept. Accordingly, upon acquisition, an entity would recognize an allowance for credit impairment equal to the estimate of the contractual cash flows not expected to be collected (measured in a manner consistent with the guidance on calculating expected credit losses discussed above). In subsequent periods, any changes in the impairment allowance — whether favorable or unfavorable — would be recognized immediately through earnings. Interest income recognition for PCI assets would include a yield adjustment for the noncredit premium or discount to par embedded in the purchase price but would exclude any discount to par embedded in the purchase price attributable to expected credit losses (i.e., the nonaccretable yield).
- As a practical expedient, the CECL model would not require an entity to recognize an impairment allowance for financial assets classified as FV-OCI if such assets meet both of the following conditions: (1) the fair value of the financial asset is greater than its amortized-cost basis and (2) the amount of the expected credit loss is insignificant.
- The scope of the CECL model should include trade and lease receivables, loan commitments not measured at FV-NI, and financial guarantees not measured at FV-NI and not accounted for as insurance.

- Credit impairment should be recognized as an allowance — or contra-asset — rather than as a direct write-down of the amortized-cost basis of a financial asset.
- An entity should apply nonaccrual accounting if "it is not probable that the entity will receive full payment of principal or interest (that is, when the entity can no longer assert that the likelihood of collection is probable)." The cost recovery method would be used if "it is not probable that the entity will receive full payment of principal." In contrast, if the full payment of principal is probable but the full payment of interest is not, the entity would apply the cash-basis method to the nonaccrual asset.

Next Steps: The FASB and IASB plan to issue EDs on their respective impairment models in the fourth quarter of 2012.

Other Resources: For more information, see the FASB's August 22, 2012, and September 7, 2012, Action Alerts as well as the project page on the FASB's Web site.

FASB Makes Progress on Project Related to Accounting and Disclosure Requirements for Repurchase Agreements*

Affects: All entities.

Summary: In the second and third quarters of 2012, as part of its project on reexamining the accounting and disclosure requirements for repurchase agreements or similar transactions in ASC 860, the FASB tentatively decided to eliminate the existing criteria for assessing effective control for such transactions. Instead, a repurchase agreement or similar transaction that has the following characteristics would be accounted for as a secured borrowing:

- "The agreement involves a transfer of existing financial assets at the inception."
- "The agreement involves both a right and an obligation to repurchase the financial assets."
- "The initial transfer and forward repurchase agreement involve the same counterparty."
- The agreement to repurchase the financial assets is entered into contemporaneously, or in contemplation of, the initial transfer.
- "The repurchase price is fixed or readily determinable."
- "The financial assets specified under the forward repurchase agreement are identical to the financial assets transferred at the inception."

The Board also tentatively decided that it would make minor clarifications to the existing criteria for determining whether financial assets to be repurchased are "substantially the same" as the financial assets initially transferred. In addition, the Board discussed how to evaluate repurchase agreements and similar transactions that do not have one or more of the proposed characteristics that an entity would use to determine whether secured borrowing accounting is required (i.e., when the exception discussed above does not apply). The Board tentatively decided that an entity would evaluate such arrangements by using the existing derecognition criteria under ASC 860; however, the Board would clarify the application of the isolation condition for derecognition in ASC 860.

Regarding disclosures about repurchase agreements and similar transactions, the Board tentatively decided to require entities to provide information about (1) a disaggregation of the carrying value of the borrowing based on the type of collateral pledged and (2) the amount of repurchase agreements and similar transactions that did not qualify as a secured borrowing because the transferred assets were not considered substantially the same.

Next Steps: The Board is expected to publish an ED on repurchase agreements in the fourth quarter of 2012.

Other Resources: For more information, see the FASB's June 27, 2012, meeting minutes.

Health Care and Continuing Care

FASB Issues ASU on Refundable Advance Fees for Continuing Care Communities

Affects: Continuing care retirement communities (CCRCs).

Summary: On July 24, 2012, the FASB issued ASU 2012-01, which clarifies that an advance fee from a CCRC resident should be classified as deferred revenue if (1) the contract stipulates that this advance fee must be repaid when a room is reoccupied by a future resident and (2) the refundable amount is "limited to the proceeds from reoccupancy." If the refundable amount is not limited to the proceeds from reoccupancy, the advance fee must be reported as a liability.

Next Steps: For public entities, including conduit bond obligors, the ASU is effective for fiscal periods beginning after December 15, 2012. For nonpublic entities, the ASU is effective for fiscal periods beginning after December 15, 2013. Early adoption is permitted.

AICPA Issues TPA on Accounting for Costs Incurred During ICD-10 Implementation

Affects: Health care entities.

Summary: On July 18, 2012, the AICPA published a TPA addressing how health care entities should account for costs incurred as a result of the transition from the ninth edition of the World Health Organization's International Classification of Diseases (ICD-9) coding system to the tenth edition (ICD-10).

The transition from ICD-9 to ICD-10 is mandatory, and entities are expected to incur significant costs in complying with the new requirements.

Other Resources: Deloitte's June 2012 *Health Care Providers Spotlight*.

Insurance

FASB and IASB Continue to Deliberate Various Issues Related to Insurance*

Affects: All entities.

Summary: At their September 24, 2012, joint meeting, the FASB and IASB (the "boards") tentatively decided that "acquisition costs incurred before a contract's coverage period begins should be recognized as part of the insurance contracts liability for the portfolio of contracts where the contract will be recognized once the coverage period begins."

The boards also tentatively decided that, upon transition to the new requirements, an insurer should, at the beginning of the earliest period presented:

- "Measure the present value of the fulfillment cash flows using current estimates at the date of transition (that is, as of the earliest period presented)."
- "Account for the acquisition costs in accordance with . . . existing tentative decisions for acquisition costs and derecognize any existing balances of deferred acquisition costs."
- Determine the single or residual margin as follows:
  - Apply the new accounting principle retrospectively to all prior periods when retrospective application is practicable.
  - "For contracts issued in earlier periods for which retrospective application" is impracticable, "estimate what the margin would have been had the insurer been able to apply the new standard retrospectively." This estimate "should take into account all objective information that is reasonably available."

In addition, the boards asked their staffs "to consider developing a constraint or set of constraints on the estimated amount of the . . . margin." The FASB also asked its staff to explore whether there was "a practical expedient that may allow insurers to determine the margin based on the definition of portfolios during the retrospective period."

The boards also reached tentative decisions regarding the discount rate for transition, including that insurers should comply with the existing disclosure requirements in ASC 250-10 and should disclose certain additional information.

Moreover, at its August 1 and September 5, 2012, Board meetings, the FASB tentatively reaffirmed its position from the previously issued DP and decided not to unlock the single margin established to eliminate any day one gains. The FASB also discussed whether charitable gift annuities issued by not-for-profit entities meet the definition of insurance and are therefore within the scope of its insurance project. The Board tentatively decided to exclude charitable gift annuities from the scope of its proposed insurance contracts standard if such contracts are issued by not-for-profit entities and contain a donation element.

Next Steps: The FASB and IASB are expected to issue separate insurance EDs sometime before the end of 2012.

Other Resources: For more information, see the FASB's June 24, 2012, meeting minutes.

Intangible Assets

FASB Issues ASU on Testing Indefinite-Lived Intangible Assets for Impairment

Summary: On July 27, 2012, the FASB issued ASU 2012-02, which amends the guidance in ASC 350-30 on testing indefinite-lived intangible assets, other than goodwill, for impairment. The FASB issued the ASU in response to feedback on ASU 2011-08, which amended the goodwill impairment testing requirements by allowing an entity to perform a qualitative impairment assessment before proceeding to the two-step impairment test. Similarly, under ASU 2012-02, an entity testing an indefinite-lived intangible asset for impairment has the option of performing a qualitative assessment before calculating the fair value of the asset. Although ASU 2012-02 revises the examples of events and circumstances that an entity should consider in interim periods, it does not revise the requirements to test (1) indefinite-lived intangible assets annually for impairment and (2) between annual tests if there is a change in events or circumstances.

Next Steps: ASU 2012-02 is effective for annual and interim impairment tests performed for fiscal years beginning after September 15, 2012. Early adoption is permitted.

Other Resources: Deloitte's July 27, 2012, *Heads Up*. Also see the press release on the FASB's Web site.

Investment Companies

FASB Continues to Discuss Scope of Guidance on Investment Companies*

Affects: All entities.

Summary: At its August 8, 2012, meeting, the FASB reaffirmed its decision that entities regulated under the Investment Company Act of 1940 should qualify as investment companies under U.S. GAAP regardless of whether they meet the Board's proposed definition of an investment company.

Moreover, at its September 5, 2012, meeting, the FASB tentatively decided to include mortgage REITs within the scope of its proposed investment-company guidance. In addition, the Board directed its staff to differentiate between mortgage REITs and equity REITs (which they had previously agreed would be outside the guidance's scope).

Other Resources: For more information on the investment-company project, see the project page on the FASB's Web site.

FASB Reverses Decision on Accounting for Interests in Other Investment Companies and Amends the Disclosure Requirements

Affects: All entities.

Summary: At its August 29, 2012, meeting, the FASB reversed its recent decision regarding the measurement requirements for an investment company's interest in another investment company. The Board decided that, rather than requiring an investment company to account for its interest in another investment company at fair value, it would not provide guidance on the measurement of such interests and would instead allow investment companies to continue current industry practice.

The Board also decided to amend the disclosure requirements for investment companies. To improve the transparency of an investment company's interests in other investment companies, the Board decided to require investment companies to disclose the following for each significant interest in an unconsolidated investment company:

- A description of the investee fund (name and category) and the percentage of the net assets invested in the investee fund.
- The total assets of the investee fund.
- The total debt outstanding of the investee fund.
- The net assets of the investee fund.
- The expense ratio of the investee fund.
- The proportionate ownership interest in the investee fund.

Other Resources: For more information on the Board's investment-company project, see the project page on the FASB's Web site.

FASB Puts the Brakes on Guidance on Investment Property Entities

Affects: All entities.

Summary: At its August 8, 2012, meeting, the FASB decided that it would not continue to develop the investment property entity concept in its October 2011 proposed ASU, which would have required entities that meet a set of criteria to measure their investment properties at fair value through net income. Rather, once it completes certain other related projects, the Board will decide whether to pursue an asset-based approach for measuring investment properties that is similar to the approach in IAS 40. If the Board decides to pursue such an approach, it would then decide whether fair value measurement should be an option or a requirement.

Other Resources: For more information, see the FASB's August 8, 2012, Action Alert.

FASB and IASB Continue Investment-Company Redeliberations

Affects: All entities.

Summary: At their July 18, 2012, joint meeting, the FASB and IASB continued their investment-company redeliberations, focusing on the relationship between the definition of an investment company and such a company's typical characteristics. The boards tentatively decided that the definition of an investment company should "stand alone" (i.e., the typical characteristics should solely serve as indicators in an entity's assessment of whether it meets the definition of an investment company). However, investment companies that do not possess one or more of the typical characteristics would need to explain why they still meet the definition of an investment company. The boards also tentatively decided that unit ownership would be treated as a "typical characteristic" and would therefore not be included in the definition of an investment company.

Other Resources: For more information, see the FASB's July 19, 2012, meeting minutes.

Leases

FASB and IASB Continue to Deliberate Various Issues Related to Guidance on Leases*

Affects: All entities.

Summary: At their July 17, 2012, joint meeting, the FASB and IASB reached tentative decisions on the presentation, disclosure, and transition requirements for leases that a lessee accounts for under the single-lease-expense (SLE) approach, which the boards developed at their May 2012 joint meeting. The boards also discussed interim disclosure requirements and certain aspects of the lessor model.

In addition, at their September 20, 2012, joint meeting, the FASB and IASB reached tentative decisions related to sale-and-leaseback transactions, the SLE approach, and lease classification.

Moreover, at its September 25, 2012, meeting, the FASB reached tentative decisions related to the application of the proposed leases guidance to nonpublic entities. Issues addressed included (1) the discount rate to be used by lessees, (2) lessee disclosures, and (3) leases involving related parties.

Next Steps: The boards indicated that they expect to issue a revised ED (for a 120-day comment period) during the first quarter of 2013.

Other Resources: For a summary of the boards' decisions reached to date on the leases project, see Deloitte's September 27, 2012, *Heads Up*.

Liquidation Basis of Accounting

FASB Proposes Guidance on the Liquidation Basis of Accounting

Affects: All entities.

Summary: On July 2, 2012, the FASB issued a proposed ASU that would provide guidance on when and how to apply the liquidation basis of accounting. Under the proposed ASU, an entity would be required to use the liquidation basis of accounting to present its financial statements when it determines that liquidation is imminent. According to ASC 205-30-25-2 (added by the ASU), liquidation would be considered imminent in either of the following situations:

> a. A plan for liquidation has been approved by the person or persons with the authority to make such a plan effective and the likelihood is remote that the execution of the plan will be blocked by other parties (for example, those with protective rights).
>
> b. A plan for liquidation is imposed by other forces (for example, involuntary bankruptcy) and the likelihood is remote that the entity will return from liquidation.

ASC 205-30-25-3 (added by the ASU) goes on to state that liquidation would also be considered imminent "when significant management decisions about furthering the ongoing operations of the entity have ceased or they are substantially limited to those necessary to carry out a plan for liquidation" that is different from a liquidation plan specified in an entity's governing documents.

Comments on the proposed ASU were due by October 1, 2012.

Other Resources: Deloitte's July 5, 2012, *Heads Up*. Also see the *FASB in Focus* on the FASB's Web site.

Loss Contingencies

FASB Removes Project on Loss Contingency Disclosures From Agenda

Affects: All entities.

Summary: On July 9, 2012, the FASB voted to remove its project on disclosures about certain loss contingencies from its agenda. The Board's rationale for this decision is that (1) disclosures have improved as a result of the SEC's increased focus on entities' compliance with the current disclosure requirements in ASC 450-20, which in turn has precipitated an increase in focus by preparers, auditors, and other regulators, and (2) the FASB's disclosure framework project is intended to address any overlapping issues related to the improvement of financial statement disclosures.

Other Resources: For more information, see the FASB's July 12, 2012, meeting minutes.

Other Comprehensive Income

FASB Proposes New Disclosure Requirements for Reclassification Adjustments Out of AOCI

Affects: All entities.

Summary: On August 16, 2012, the FASB issued a proposed ASU that would expand the disclosure requirements for items reclassified out of accumulated other comprehensive income (AOCI). However, it would not amend the current requirements for the reporting of net income or other comprehensive income (OCI) in the financial statements. The purpose of the proposal is to give users of financial statements better information about the effect of such reclassification adjustments without imposing a significant burden on financial statement preparers.

Next Steps: Comments on the proposed ASU are due by October 15, 2012.

Other Resources: Deloitte's August 21, 2012, *Heads Up*. Also see the press release on the FASB's Web site.

Private Companies

AICPA Issues FAQs on Proposed Private-Entity Reporting Framework and PCC

Affects: Private entities.

Summary: On July 23, 2012, the AICPA posted to its Web site a number of FAQs related to the (1) AICPA's proposed financial reporting framework for SMEs and (2) FAF's recently established PCC.

Other Resources: For more information on the PCC and the AICPA's proposed reporting framework, see the FAF's Web site and the AICPA's Web site.

FASB Issues Invitation to Comment on Private Company Decision-Making Framework

Affects: Private entities.

Summary: On July 31, 2012, the FASB issued an Invitation to Comment on a proposed framework that would help the Board decide "whether and when to modify [U.S. GAAP] for private companies."

Next Steps: Comments on the Invitation to Comment are due by October 31, 2012.

Other Resources: For more information, see the press release on the FASB's Web site.

Revenue

FASB and IASB Begin Redeliberating Revenue Recognition

Affects: All entities.

Summary: At their July 19, 2012, joint meeting, the FASB and IASB began redeliberating their November 2011 proposed ASU on revenue recognition. The boards discussed the following topics: (1) identification of onerous losses, (2) identification of separate performance obligations, (3) licenses and rights to use, and (4) performance obligations satisfied over time.

After extensive debate, the boards narrowly agreed to remove all guidance on onerous performance obligations from the proposed revenue standard and to maintain the existing guidance on accounting for onerous losses in U.S. GAAP (e.g., ASC 450, ASC 605-35) and IFRSs (i.e., IAS 37). The boards also tentatively decided to clarify and improve the ED's language regarding when a good or service in a contract is distinct (and thus is accounted for as a separate performance obligation). No decisions were reached regarding licenses and rights to use. The boards did, however, tentatively decide to revise and clarify certain aspects of the guidance on performance obligations satisfied over time.

Next Steps: The FASB and IASB staffs will continue to redeliberate the proposal for the remainder of this year and plan to issue a final standard in early 2013.

Other Resources: For more information on the meeting, see the FASB's July 19, 2012, Action Alert.

U.S. GAAP Taxonomy

FASB Releases Proposed 2013 Financial Reporting Taxonomy for Public Comment

Affects: All entities.

Summary: On August 30, 2012, the FASB released for public comment its proposed 2013 U.S. GAAP Financial Reporting Taxonomy. The taxonomy is a list of proposed "tags" that reporting entities would use to label the financial data included in their electronically prepared financial reports.

Next Steps: Comments on the proposed taxonomy are due by October 29, 2012.

Other Resources: For more information, see the press release on the FASB's Web site.

International

IASB Releases Staff Draft of Hedge Accounting Requirements*

Affects: Entities reporting under IFRSs.

Summary: On September 7, 2012, the IASB posted a draft of its forthcoming general hedge accounting requirements on its Web site. The purposes of the new requirements, which will become part of IFRS 9, are to (1) more closely "align hedge accounting . . . with risk management [practices]" and (2) "establish a more principle-based approach to hedge accounting."

Although the IASB is encouraging constituents to familiarize themselves with the guidance, it is not soliciting comments on the draft.

Next Steps: The IASB expects to finalize the amendments in December.

IASB Requests Comments on Post-Implementation Review of IFRS 8

Affects: Entities reporting under IFRSs.

Summary: On July 19, 2012, the IASB issued a request for information soliciting comments on its post-implementation review of IFRS 8 (the Board's first post-implementation review of a major standard). The objectives of the review are to ensure that the standard is operational and to assess the costs and difficulties of implementation.

Next Steps: Comments on the request for information are due by November 16, 2012.

Other Resources: For more information, see the press release on the IASB's Web site.

IASB Makes Editorial Corrections to IFRSs

Affects: Entities reporting under IFRSs.

Summary: On July 31, 2012, the IASB published editorial corrections (e.g., correction of spelling errors, grammatical mistakes) to the following pronouncements:

- IFRS 5, *Non-current Assets Held for Sale and Discontinued Operations* (issued March 2004).
- IFRS 7, *Financial Instruments: Disclosures* (issued August 2005).
- IFRS 10, *Consolidated Financial Statements* (issued May 2011).
- IFRS 11, *Joint Arrangements* (issued May 2011).
- IFRS 13, *Fair Value Measurement* (issued May 2011).
- IAS 19, *Employee Benefits* (issued June 2011).
- IAS 27, *Separate Financial Statements* (issued May 2011).
- *Mandatory Effective Date of IFRS 9 and Transition Disclosures — Amendments to IFRS 9 and IFRS 7* (issued December 2011).
- *Annual Improvements 2009–2011 Cycle* (issued May 2012).

Other Resources: For more information, see the press release on the IASB's Web site.

Auditing Developments

AICPA

AICPA Issues Proposed Amendments to Certain Definitions for Public Comment*

Affects: All entities.

Summary: On September 19, 2012, the PEEC of the AICPA issued for public comment an ED that would amend the definitions of "practice of public accounting" and "professional services" and delete the term "holding out" from the AICPA's Code of Professional Conduct.

Next Steps: Comments on the ED are due by November 19, 2012.

AICPA Issues Proposed Auditing Standard for Public Comment

Affects: Auditors.

Summary: On August 31, 2012, the ASB of the AICPA issued for public comment a proposed SAS that would amend:

- Section 600 of SAS 122 to permit auditors to refer to the report of a component auditor even when "the component's financial statements are prepared using a different financial reporting framework than that used for the group financial statements if certain criteria are met." The proposed amendments also would (1) provide group engagement partners with guidance on identifying "when the component auditor meets the relevant requirements of GAAS" and (2) require the group engagement team "to determine component materiality for those components for which the auditor of the group financial statements will assume responsibility for the work of a component auditor who performs an audit or review."
- Section 800 of SAS 122 to include within the definition of "special-purpose framework" a "definite set of logical, reasonable criteria that is applied to all material items appearing in financial statements."

Next Steps: Comments on the proposed SAS are due by October 31, 2012.

AICPA Issues Two New Practice Aids

Affects: All entities.

Summary: In August 2012, the AICPA issued the following two practice aids:

- *Accounting and Financial Reporting Guidelines for Cash- and Tax-Basis Financial Statements* — Contains guidance on preparing cash- and tax-basis financial statements.
- *Applying OCBOA in State and Local Governmental Financial Statements* — Contains guidance on using an alternative reporting framework to prepare financial statements for state and local governments.

AICPA Issues Working Draft of Not-for-Profit Guide

Affects: Not-for-profit entities.

Summary: On August 14, 2012, the FinREC of the AICPA released for public comment a working draft of its audit and accounting guide on not-for-profit entities. The proposed guide describes existing U.S. GAAP guidance and considerations relevant to not-for-profit entities and addresses recent accounting changes, especially those related to fair value measurement. The working draft does not contain audit guidance, analytical procedures, internal control considerations, or information about reporting by independent auditors, which may be included in the final guide.

Next Steps: Comments on the working draft are due by October 15, 2012.

Other Resources: For more information, see the overview of the working draft on the AICPA's Web site.

AICPA Proposes to Reinstate Certain Ethics Rulings and Interpretations

Affects: All entities.

Summary: On August 13, 2012, the PEEC of the AICPA issued an ED that would reinstate certain ethics rulings that were deleted when Interpretation 101-18, which provides guidance on applying independence rulings to affiliates, was approved in August 2011. At that time, the PEEC had no longer deemed those ethics rulings necessary for parties adopting the new interpretation. However, the PEEC explains that it "has become aware that by deleting the ethics rulings and Interpretation No. 101-8, some members believed they did not have adequate guidance if they chose not to early implement the new interpretation, and this caused some members to spend more time analyzing situations under ET section 100-1 than if the deleted material was still available for use in applicable situations prior to adoption of Interpretation No. 101-18."

Comments on the ED were due by September 14, 2012.

AICPA Issues Working Draft of a New Chapter of the Cheap Stock Guide

Affects: All entities.

Summary: On August 10, 2012, the FinREC of the AICPA released for public comment a working draft of a new chapter from the AICPA accounting and valuation guide on valuation of privately held company equity securities issued as compensation, also referred to as the "Cheap Stock Guide." The new chapter — Chapter 8, "Inferring Value From Transactions in a Private Company's Securities" — contains valuation considerations and existing U.S. GAAP accounting guidance related to fair value measurements of equity securities based on observable prices from private transactions or secondary market transactions involving identical or similar equity securities of the same enterprise.

FinREC also released the latest working draft of the entire Cheap Stock Guide, but only to provide context for the new chapter and to solicit feedback on Q&As 12.1 through 12.15 from Chapter 12, "Common Valuation Questions." FinREC is not soliciting comments on the entire guide.

Comments on the working draft chapter and Q&As 12.1 through 12.15 were due by October 1, 2012.

Other Resources: For more information, see the description on the AICPA's Web site.

ASB Issues Guidance to Help Auditors Apply Clarified Auditing Standards

Affects: Auditors that perform audits in accordance with U.S. GAAS.

Summary: In the third quarter of 2012, the AICPA published the following two practice aids to help auditors apply the ASB's clarified auditing standards:

- *Summary of Clarified Reporting Standards* — Summarizes the content of and relationships between three clarified sections of U.S. auditing standards: AU-C Sections 700, 705, and 706.
- *Clarified Auditing Standards — Learning and Implementation Plan* — Provides an eight-step approach to help auditors understand the clarified standards, train their staff to effectively and efficiently implement them, and communicate with clients about the standards' consequences.

Next Steps: The clarified auditing standards are effective for calendar-year 2012 audits.

Other Resources: For more information about the AICPA's Clarity Project, see the AICPA's Web site.

CAQ

CAQ Releases Highlights of SEC Regulation Committee's June 27 Meeting

Affects: All entities.

Summary: On August 13, 2012, the CAQ posted highlights of the June 27, 2012, CAQ SEC Regulations Committee Joint Meeting With the SEC Staff to its Web site. Noteworthy topics discussed at the meeting included:

- Current financial reporting matters.
- Implementation and interpretation of recent SEC releases.
- IFRS work plan.
- Confidential reviews of initial registration statements.
- Capital formation initiatives.
- SEC staff and other initiatives.
- Current practice issues.

Since the meeting, the SEC staff has taken action on a number of these issues, including by (1) publishing the staff's final report on the SEC work plan for incorporating IFRSs into the financial reporting system for U.S. issuers; (2) publishing updates as of March 31, 2012, to the SEC Financial Reporting Manual; and (3) making several announcements.

PCAOB

PCAOB Issues Report on Interim Broker-Dealer Audit Inspection Program

Affects: Registered public accounting firms.

Summary: On August 20, 2012, the PCAOB issued a report on its interim broker-dealer inspection project, which outlines the Board's new program and audit deficiencies identified in its initial round of broker-dealer audit inspections that covered 23 audits of broker-dealers registered with the SEC. The report identifies the following areas in which deficiencies were noted:

- Audit procedures for computing customer reserve and net capital requirements.
- Audits of financial statements.
- Auditor independence.

The interim broker-dealer inspection program will continue until new PCAOB rules establishing a permanent program are passed.

Other Resources: For more information, see the press release on the PCAOB's Web site.

PCAOB Adopts Auditing Standard 16 on Communications With Audit Committees and Makes Amendments to Other PCAOB Standards*

Affects: Registered public accounting firms.

Summary: On August 15, 2012, the PCAOB adopted Auditing Standard 16, which establishes requirements for communications between the auditor and the audit committee and "is intended to foster constructive dialogue between the two on significant audit and financial statement matters."

The new auditing standard would amend certain other PCAOB standards and would supersede the Board's interim auditing standards AU Section 310 and AU Section 380.

Moreover, on September 10, 2012, the SEC issued a release soliciting comments on Auditing Standard 16.

Next Steps: If approved by the SEC, Auditing Standard 16 will be effective for audits of fiscal years beginning on or after December 15, 2012.

Other Resources: Deloitte's September 18, 2012, *Heads Up*.

PCAOB Publishes Release on Inspection Process for Audit Committees

Affects: Public entities.

Summary: On August 1, 2012, the PCAOB issued a release "to assist audit committees in (1) understanding the PCAOB's inspections of their audit firms and (2) gathering useful information from their audit firms about those inspections." The purpose of the release is to provide information to audit committees about the inspection process and the meaning of report findings to "better equip audit committees to engage in meaningful discussion with audit firms about the results of inspections."

Other Resources: Deloitte's August 30, 2012, *Heads Up*.

International

IAASB Issues Standard on Review Engagements*

Affects: Professional accountants.

Summary: On September 27, 2012, the IAASB issued ISRE 2400, which contains requirements for professional accountants who perform reviews of an entity's financial statements. The objective of ISRE 2400 is "to enhance the quality and consistency of engagements to review historical financial statements."

Next Steps: ISRE 2400 is effective for financial statement reviews for periods ending on or after December 31, 2013.

Other Resources: For more information, see the *At a Glance* summary document on the IAASB's Web site.

IESBA Proposes Changes to Code of Ethics Regarding Illegal Acts

Affects: Professional accountants.

Summary: On August 22, 2012, the IESBA issued an ED proposing changes to its Code of Ethics for Professional Accountants. Among other things, the ED would introduce requirements for when professional accountants should disclose a suspected illegal act to the authorities. In addition, professional accountants would be required to "take reasonable steps to confirm or dispel the suspicion and to discuss the matter with the appropriate level of management."

Next Steps: Comments on the ED are due by December 15, 2012.

IAESB Issues Proposed Revisions to Three International Education Standards

Affects: IFAC member bodies.

Summary: On July 27, August 1, and August 9, 2012, the IAESB issued three EDs proposing revisions to its International Education Standards (IESs):

- IES 4, *Initial Professional Development — Professional Values, Ethics, and Attitudes* — The proposed revisions further explain the requirements regarding learning outcomes, assessments, and reflective activities. In addition, IFAC member bodies would be required to regularly review and update their accounting education programs.
- IES 2, *Initial Professional Development — Technical Competence*, and IES 3, *Initial Professional Development — Professional Skills* — The proposed revisions focus on requisite skills for becoming a professional accountant. IFAC member bodies would be required to assess their attainment of technical competence and professional skills.
- IES 8, *Professional Development for Engagement Partners Responsible for Audits of Financial Statements* — The proposed revisions define the professional development requirements for engagement partners on financial statement audits, including the partner's technical competence; professional skills; and professional values, ethics, and attitudes.

Next Steps: Comments on the proposed revisions are due by the following dates:

- IES 4: October 11, 2012.
- IES 2 and IES 3: November 1, 2012.
- IES 8: December 11, 2012.

Governmental Accounting and Auditing Developments

GASB

GASB Posts New Pension Standards to Its Web Site and Begins Developing Implementation Guidance

Affects: Governmental entities.

Summary: In August 2012, the GASB posted to its Web site two standards that it had approved for issuance in late June 2012:

- Statement 67 — Supersedes Statement 25 and provides revised financial reporting requirements for pension plan reporting entities.
- Statement 68 — Supersedes Statement 27 and provides revised financial reporting requirements for governments that provide pension benefits to their employees.

The GASB also decided to add a project to its agenda to provide constituents with implementation guidance related to the two new standards.

Next Steps: Statement 67 is effective for fiscal years beginning after June 15, 2013. Statement 68 is effective for fiscal years beginning after June 15, 2014. Earlier application of both Statement 67 and Statement 68 is encouraged. The related implementation guidance is expected to be issued in June 2013.

Other Resources: For further information on the GASB's decision to provide implementation guidance, see the August 2012 edition of *The GASB Report*.

OMB

OMB Issues 2012 Edition of OMB Circular A-133: Compliance Supplement

Affects: Governmental entities.

Summary: The OMB recently released the 2012 edition of OMB Circular A-133: Compliance Supplement, which contains guidance for auditors performing audits under the Single Audit Act and Circular A-133. The supplement provides information on the "objectives, procedures, and compliance requirements [of such audits] as well as audit objectives and suggested audit procedures for determining compliance with [those] requirements."

Regulatory and Compliance Developments

COSO

COSO Releases Updated *Internal Control — Integrated Framework* and Draft of Implementation Guidance*

Affects: All entities.

Summary: On September 18, 2012, COSO released a draft of its *Internal Control Over External Financial Reporting (ICEFR): Compendium of Approaches and Examples* (the "Compendium"). The Compendium provides guidance on applying COSO's *Internal Control — Integrated Framework* (ICIF) to external financial reporting. COSO also released a revised version of its ICIF that incorporates changes based on constituent comments received during the comment period.

Next Steps: Comments on the Compendium and the revised ICIF are due by November 20, 2012. COSO intends to issue final versions of both documents during the first quarter of 2013.

Other Resources: For more information, see the press release on COSO's Web site.

SEC

SEC Issues New FAQs on Title I of the JOBS Act*

Affects: Public entities.

Summary: On September 28, 2012, the SEC issued 13 new Q&As related to the implementation of Title I of the JOBS Act. The new Q&As address the submission of draft financial statements and the definition of an emerging growth company, among other items.

Other Resources: For more information, see the SEC's Web site.

SEC Issues Risk Alert Related to Compliance With Municipal Securities Rules

Affects: Public entities.

Summary: On August 31, 2012, the SEC issued a risk alert that highlights the SEC's concerns regarding compliance with the MSRB's rules against "pay-to-play" practices (i.e., campaign contributions made by municipal securities dealers to public officers of municipal securities issuers). The alert reminds firms of their obligations under the MSRB's rules, discusses recent examination findings regarding compliance with these rules, and highlights practices that some firms are using in their compliance efforts.

Other Resources: For more information, see the press release on the SEC's Web site.

SEC Issues Proposed Rule on General Solicitation and Advertising

Affects: All entities.

Summary: On August 29, 2012, the SEC issued a proposed rule that, if finalized, would implement Section 201(a) of the JOBS Act. The primary impacts of the proposed rule include:

- Removal of the prohibition on general solicitation and general advertising for securities offered under Rule 506, provided that issuers "take reasonable steps to verify that the purchasers of the securities are accredited investors." The proposed rule would also amend Form D so that issuers could indicate whether they elect to apply the revised Rule 506 exception to registration.
- Amendments to Rule 144A to permit the offering of securities to investors that are not qualified institutional buyers (QIBs) as long as the securities are ultimately sold to investors that the seller reasonably believes are QIBs.

Next Steps: Comments on the proposed rule are due by October 5, 2012.

Other Resources: For more information, see the press release on the SEC's Web site.

SEC Issues Final Rule on Disclosing Payments Made by Issuers Engaged in Resource Extraction

Affects: SEC registrants engaged in resource extraction.

Summary: On August 22, 2012, the SEC issued a final rule implementing Section 1504 of the Dodd-Frank Wall Street Reform and Consumer Protection Act. Under Section 1504, issuers that are (1) required to file an annual report with the SEC and (2) engaged in commercial resource extraction of oil, natural gas, and minerals must disclose certain payments made to the federal government or foreign national or subnational governments. Domestic issuers (including smaller reporting companies), foreign issuers, their subsidiaries, and other entities controlled by such extractive issuers are subject to the final rule´s disclosure requirements. The final rule requires extractive issuers to annually file with the SEC a newly created Form SD that would include, as an electronically tagged (XBRL) exhibit, the required payment information.

Next Steps: Extractive issuers must file Form SD with the SEC no later than 150 days after their fiscal year-end and must comply with the final rule´s disclosure provisions for fiscal years ending after September 30, 2013. For an extractive issuer whose fiscal year began before September 30, 2013, disclosures in the first report will need to include only those payments made after September 30, 2013, to the end of the issuer´s fiscal year.

Other Resources: Deloitte's September 27, 2012, *Heads Up*.

SEC Issues Final Rule on Conflict Minerals

Affects: SEC registrants.

Summary: On August 22, 2012, the SEC narrowly approved issuance of a long-awaited final rule implementing Section 1502 of the Dodd-Frank Act. Section 1502 requires issuers to annually disclose a description of the measures employed to "exercise due diligence on the source and chain of custody of such conflict minerals" that originate from the Democratic Republic of Congo (DRC) and adjoining countries.

Under the final rule, all SEC registrants must assess whether they use conflict minerals and whether such conflict minerals are "necessary to the functionality or production" of either (1) products they manufacture or (2) products that they have contracted to third parties for manufacture. If these conditions are met, registrants must conduct a reasonable country-of-origin inquiry to determine the source of the conflict minerals. The rule also requires registrants to perform, when applicable, reasonable due diligence to classify their conflict minerals as (1) DRC conflict free, (2) not been found to be DRC conflict free, or (3) DRC conflict undeterminable. Each classification has different reporting requirements. Registrants must file a newly created Form SD with the SEC on a calendar-year basis (regardless of their fiscal year-ends) beginning with the first calendar year ending December 31, 2013. Form SD is due on May 31, 2014 (and on May 31 each year thereafter).

Other Resources: Deloitte's September 11, 2012, *Heads Up*.

New Disclosure Requirement for Issuers Engaged in Sanctionable Activities With Iran and Syria

Affects: Public entities.

Summary: On August 10, 2012, President Obama signed into law the Iran Threat Reduction and Syria Human Rights Act of 2012 (the “Act”). One of the Act’s provisions is to amend Section 13 of the Securities Exchange Act of 1934 to require issuers to disclose information about any instance in which they or their affiliates engaged in “sanctionable activities” (i.e., activities prohibited by the Act) with Iran or Syria.

Issuers that have engaged in sanctionable activities must disclose the following information in their annual or quarterly filings with the SEC:

- The nature and extent of the activity.
- The gross revenues and profits, if any, that are attributable to the activity.
- Whether the issuer intends to continue the activity.

Next Steps: The new disclosure requirement is effective for quarterly and annual reports that an issuer is required to file with the SEC on or after February 6, 2013.

SEC Issues Final Report on Incorporation of IFRSs

Affects: Public entities.

Summary: On July 13, 2012, the SEC issued its final staff report summarizing the staff’s analyses and observations related to the work plan that the SEC initiated in February 2010 to evaluate the implications of incorporating IFRSs into the financial reporting system for U.S. companies. The report emphasizes that the SEC has not made “any policy decision as to whether [IFRSs] should be incorporated into the financial reporting system for U.S. issuers, or how any such incorporation, if it were to occur, should be implemented.” The report also does not include any timetable for this effort. Although the SEC welcomes feedback on the report, it has not set a specific comment deadline.

Other Resources: Deloitte’s July 19, 2012, *Heads Up*.

SEC Issues Small-Entity Compliance Guide on Listing Standards for Compensation Committees

Affects: All entities.

Summary: On July 12, 2012, the SEC staff issued a small-entity compliance guide that provides interpretive guidance on implementing Section 10C of the Securities and Exchange Act of 1934. Specifically, the guide addresses (1) disclosure requirements related to compensation consultant conflicts of interest and (2) the requirement that securities exchanges establish minimum listing standards related to issuers' compensation committees. The guide also covers which entities would be subject to the new requirements.

SEC Updates Financial Reporting Manual

Affects: Public entities.

Summary: On July 11, 2012, the SEC's Division of Corporation Finance published an update to its Financial Reporting Manual (FRM). This new version contains updates made as of March 31, 2012. In addition to certain minor editorial revisions, changes include clarifications related to the (1) Form 8-K requirements for the age of financial statements and (2) discussion of pro forma information in MD&A.

Other Resources: For an entire list of the changes and a brief description of each of them, see the FRM's summary of changes.

International

IFAC Issues Policy Position Paper on Global Regulatory Convergence*

Affects: All entities.

Summary: On September 18, 2012, the IFAC issued Policy Position Paper 6, which discusses the IFAC's position that "the public interest is best served where there is consistent adoption and implementation of high-quality, internationally accepted standards in the preparation and presentation of financial information for capital and debt . . . markets." It also discusses the benefits of global regulatory convergence as well as the challenges that impede reaching that goal.

Other Resources: For more information, see the press release on the IFAC's Web site.

IVSC Calls for Views on Valuation of Trade-Related Property

Affects: All entities.

Summary: In August 2012, the IVSC released a DP on the valuation of trade-related property, which includes buildings or other structures that are built for a specific type of business activity. Examples of trade-related property may include hotels, theaters, fuel stations, bars, restaurants, casinos, clubs, and health care properties.

Next Steps: Comments on the DP are due by October 31, 2012.

Other Resources: For more information, see the press release on the IVSC's Web site.

Basel Committee Issues New Regulatory Capital Disclosure Requirements

Affects: Banking entities.

Summary: The Basel Committee on Banking Supervision recently released a final rule that establishes new regulatory capital disclosure requirements for banking entities. The objective of the new disclosure requirements is to "improve consistency and ease of use of disclosures relating to the composition of regulatory capital, and to mitigate the risk of inconsistent formats undermining the objective of enhanced disclosure." To achieve this objective, the final rule requires banking entities to use a common template to report their capital positions.

Next Steps: National authorities are expected to incorporate the rule's disclosure requirements by no later than June 30, 2013. Subject to such incorporation, banks would be required to comply with most of the disclosure requirements from the date of publication of their first set of financial statements on or after June 30, 2013.

Other Resources: For more information, see the press release on the BIS's Web site.

IESBA Proposes Change to Definition of "Those Charged With Governance"

Affects: All entities.

Summary: On July 20, 2012, the IESBA published an ED that would amend the definition of "those charged with governance" to more closely align it with how the term is used in ISA 260. In its press release, the IESBA states that "[it] is of the opinion that the proposals do not call for any change in systems or common practice, should they be approved."

Next Steps: Comments on the ED are due by October 31, 2012.

Other Resources: For more information, see the press release on the IESBA's Web site.

IAESB Issues Revised Standard on Continuing Professional Development

Affects: Professional accountants.

Summary: On July 23, 2012, the IAESB published a revised version of IES 7, which amends the continuing professional development requirements for professional accountants. The clarified standard represents the first of eight IESs that the Board plans to release over the next 18 months.

Next Steps: The revised standard will become effective on January 1, 2014.

Other Resources: For more information, see the press release on the IAESB's Web site.

Appendix A: Significant Adoption Dates and Deadlines

The chart below indicates significant adoption dates and deadline dates for the FASB, EITF, AICPA, SEC, PCAOB, GASB, FASAB, and international standards. Content recently added or revised is highlighted in green.

FASB/EITF	Affects	Status
Significant Adoption Dates		
ASU 2012-04, *Technical Corrections and Improvements* (issued October 1, 2012)	All entities.	Effective upon issuance, except for amendments that are subject to transition guidance, which will be effective for fiscal periods beginning after December 15, 2012, for public entities and fiscal periods beginning after December 15, 2013, for nonpublic entities.
ASU 2012-03, *Technical Amendments and Corrections to SEC Sections* (issued August 27, 2012)	All entities.	Effective upon issuance.
ASU 2012-02, *Testing Indefinite-Lived Intangible Assets for Impairment* (issued July 27, 2012)	Entities, both public and nonpublic, that have indefinite-lived intangible assets, other than goodwill, reported in their financial statements.	Effective for annual and interim impairment tests performed for fiscal years beginning after September 15, 2012. Early adoption is permitted, including for annual and interim impairment tests performed as of a date before July 27, 2012, if a public entity's financial statements for the most recent annual or interim period have not yet been issued or, for nonpublic entities, have not yet been made available for issuance.
ASU 2012-01, *Continuing Care Retirement Communities — Refundable Advance Fees* (issued July 24, 2012)	Continuing care retirement communities that have resident contracts that provide for a payment of a refundable advance fee upon reoccupancy of that unit by a subsequent resident.	*Public entities* — Effective for fiscal periods beginning after December 15, 2012. *Nonpublic entities* — Effective for fiscal periods beginning after December 15, 2013. For both public and nonpublic entities, early adoption is permitted. The amendments should be applied retrospectively by recording a cumulative-effect adjustment to opening retained earnings (or unrestricted net assets) as of the beginning of the earliest period presented.
ASU 2011-12, *Deferral of the Effective Date for Amendments to the Presentation of Reclassifications of Items Out of Accumulated Other Comprehensive Income in Accounting Standards Update No. 2011-05* (issued December 23, 2011)	Entities that report items of other comprehensive income.	*Public entities* — Effective for fiscal years, and interim periods within those years, beginning after December 15, 2011. *Nonpublic entities* — Effective for fiscal years ending after December 15, 2012, and interim and annual periods thereafter. For both public and nonpublic entities, early adoption is permitted and transition disclosures are not required. In addition, the ASU must be applied retrospectively to all periods presented.
ASU 2011-11, *Disclosures About Offsetting Assets and Liabilities* (issued December 16, 2011)	Entities that have financial instruments and derivative instruments that are either (1) offset in accordance with either ASC 210-20-45 or ASC 815-10-45 or (2) subject to an enforceable master netting arrangement or similar agreement.	An entity is required to apply the amendments for annual reporting periods beginning on or after January 1, 2013, and interim periods within those annual periods. An entity should provide the disclosures required by those amendments retrospectively for all comparative periods presented.
ASU 2011-10, *Derecognition of in Substance Real Estate — a Scope Clarification* — a consensus of the FASB Emerging Issues Task Force (issued December 14, 2011)	Entities that cease to have a controlling financial interest (as described in ASC 810-10) in a subsidiary that is in-substance real estate as a result of default on the subsidiary's nonrecourse debt.	*Public entities* — Effective for fiscal years, and interim periods within those years, beginning on or after June 15, 2012. *Nonpublic entities* — Effective for fiscal years ending after December 15, 2013, and interim and annual periods thereafter. Early adoption is permitted.

ASU 2011-09, *Disclosures About an Employer's Participation in a Multiemployer Plan* (issued September 21, 2011)	Nongovernmental reporting entities that participate in multiemployer plans. While the majority of the amendments in this ASU apply only to multiemployer pension plans, there also are amendments that require changes in disclosures for multiemployer plans that provide postretirement benefits other than pensions as defined in the Master Glossary of the *FASB Accounting Standards Codification*.	*Public entities* — Effective for annual periods for fiscal years ending after December 15, 2011, with early adoption permitted. *Nonpublic entities* — Effective for annual periods for fiscal years ending after December 15, 2012, with early adoption permitted. The amendments should be applied retrospectively for all prior periods presented.
ASU 2011-08, *Testing Goodwill for Impairment* (issued September 15, 2011)	Entities, both public and nonpublic, that have goodwill reported in their financial statements.	Effective for annual and interim goodwill impairment tests performed for fiscal years beginning after December 15, 2011. Early adoption is permitted, including for annual and interim goodwill impairment tests performed as of a date before September 15, 2011, if an entity's financial statements for the most recent annual or interim period have not yet been issued or, for nonpublic entities, have not yet been made available for issuance.
ASU 2011-07, *Presentation and Disclosure of Patient Service Revenue, Provision for Bad Debts, and the Allowance for Doubtful Accounts for Certain Health Care Entities* — a consensus of the FASB Emerging Issues Task Force (issued July 25, 2011)	Health care organizations.	*Public entities* — Effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2011, with early adoption permitted. *Nonpublic entities* — Effective for the first annual period ending after December 15, 2012, and interim and annual periods thereafter, with early adoption permitted. The amendments to the presentation of the provision for bad debts related to patient service revenue in the statement of operations should be applied retrospectively to all prior periods presented. The disclosures required by this ASU should be provided for the period of adoption and subsequent reporting periods.
ASU 2011-06, *Fees Paid to the Federal Government by Health Insurers* — a consensus of the FASB Emerging Issues Task Force (issued July 21, 2011)	Reporting entities that are subject to the fee imposed on health insurers mandated by the Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act.	Effective for calendar years beginning after December 31, 2013, when the fee initially becomes effective.
ASU 2011-05, *Presentation of Comprehensive Income* (issued June 16, 2011)	Entities that report items of other comprehensive income.	Amendments made by ASU 2011-05 to ASC 220-10-45-17 and 45-18, ASC 220-10-55-7 and 55-8, ASC 220-10-55-9, and ASC 220-10-55-18 are amended by ASU 2011-12. *Public entities* — Effective for fiscal years, and interim periods within those years, beginning after December 15, 2011. *Nonpublic entities* — Effective for fiscal years ending after December 15, 2012, and interim and annual periods thereafter. For both public and nonpublic entities, early adoption is permitted and transition disclosures are not required. In addition, the ASU must be applied retrospectively to all periods presented.
ASU 2011-04, *Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs* (issued May 12, 2011)	All entities.	*Public entities* — Effective prospectively for interim and annual periods beginning after December 15, 2011. Early adoption is not permitted. *Nonpublic entities* — Effective prospectively for annual periods beginning after December 15, 2011. Early adoption is permitted, but no earlier than for interim periods beginning after December 15, 2011.
ASU 2011-03, *Reconsideration of Effective Control for Repurchase Agreements* (issued April 29, 2011)	All entities.	Effective for the first interim or annual period beginning on or after December 15, 2011. The guidance should be applied prospectively to transactions or modifications of existing transactions that occur on or after the effective date. Early adoption is not permitted.

ASU 2011-02, *A Creditor's Determination of Whether a Restructuring Is a Troubled Debt Restructuring* (issued April 5, 2011)	All entities.	*Public entities* — For troubled debt restructuring identification and disclosure purposes, the guidance is effective for the first interim or annual period beginning on or after June 15, 2011, and must be applied retrospectively to modifications occurring at or after the beginning of the annual period of adoption. *Nonpublic entities* — Effective for annual periods ending on or after December 15, 2012, including interim periods within those annual periods. Early adoption is permitted for any interim period in the fiscal year of adoption; however, nonpublic entities that elect early adoption should apply the guidance retrospectively to modifications occurring at or after the beginning of the annual period of adoption.
ASU 2010-28, *When to Perform Step 2 of the Goodwill Impairment Test for Reporting Units With Zero or Negative Carrying Amounts* (issued December 17, 2010)	Entities that evaluate goodwill for impairment under ASC 350-20.	*Public entities* — Effective for impairment tests performed during entities' fiscal years (and interim periods within those years) that begin after December 15, 2010. Early adoption is not permitted. *Nonpublic entities* — Effective for impairment tests performed during entities' fiscal years (and interim periods within those years) that begin after December 15, 2011. Early adoption for nonpublic entities is permitted; nonpublic entities that elect early adoption will use the same effective date as that for public entities.
ASU 2010-26, *Accounting for Costs Associated With Acquiring or Renewing Insurance Contracts* — a consensus of the FASB Emerging Issues Task Force (issued October 13, 2010)	Insurance entities that are within the scope of ASC 944.	Effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2011, and should be applied prospectively upon adoption. Retrospective application to all prior periods presented upon the date of adoption also is permitted, but not required. Early adoption is permitted, but only at the beginning of an entity's annual reporting period.
ASU 2010-20, *Disclosures About the Credit Quality of Financing Receivables and the Allowance for Credit Losses* (issued July 21, 2010)	All entities.	*Public entities* — The disclosures as of the end of a reporting period are effective for interim and annual reporting periods ending on or after December 15, 2010. The disclosures about activity that occurs during a reporting period are effective for interim and annual reporting periods beginning on or after December 15, 2010. *Nonpublic entities* — The disclosures are effective for annual reporting periods ending on or after December 15, 2011. An entity must provide previously deferred (see ASU 2011-01) disclosures for troubled debt restructurings required by ASU 2010-20 in the first interim or annual period beginning after June 15, 2011.
Projects in Request-for-Comment Stage		
Proposed ASU, *Presentation of Items Reclassified Out of Accumulated Other Comprehensive Income* (issued August 16, 2012)	All entities.	Comments due October 15, 2012.
Proposed 2013 U.S. GAAP Financial Reporting Taxonomy (issued September 2012)	All entities.	Comments due October 29, 2012.
Discussion Paper, *Invitation to Comment — Private Company Decision-Making Framework — A Framework for Evaluating Financial Accounting and Reporting Guidance for Private Companies* (issued July 31, 2012)	All entities.	Comments due October 31, 2012.
Discussion Paper, *Invitation to Comment — Disclosure Framework* (issued July 12, 2012)	All entities.	Comments due November 16, 2012.

AICPA	Affects	Status
Significant Adoption Dates		
SAS 126, *The Auditor's Consideration of an Entity's Ability to Continue as a Going Concern* (Redrafted) (issued June 29, 2012)	Auditors.	Effective for audits of financial statements for periods ending on or after December 15, 2012.
SAS 125, *Alert That Restricts the Use of the Auditor's Written Communication* (issued December 2011)	Auditors.	Effective for the auditor's written communications related to audits of financial statements for periods ending on or after December 15, 2012. For all other engagements conducted in accordance with GAAS, effective for the auditor's written communications issued on or after December 15, 2012.
SAS 124, *Financial Statements Prepared in Accordance With a Financial Reporting Framework Generally Accepted in Another Country* (issued October 2011)	Auditors.	Effective for audits of financial statements for periods ending on or after December 15, 2012.
SAS 123, *Omnibus Statement on Auditing Standards — 2011* (issued October 2011)	Auditors.	Effective for audits of financial statements for periods ending on or after December 15, 2012.
SAS 122, *Statements on Auditing Standards: Clarification and Recodification* (issued October 2011)	Auditors.	Effective for audits of financial statements for periods ending on or after December 15, 2012.
SAS 121, *Revised Applicability of Statement on Auditing Standards No. 100,* Interim Financial Information (issued February 2011)	Auditors.	Effective for interim reviews of interim financial information for periods beginning after December 15, 2011. Early application is permitted.
SSARS 20, *Revised Applicability of Statements on Standards for Accounting and Review Services* (issued February 2011)	Auditors.	Effective for reviews of financial statements for periods beginning after December 15, 2011. Early application is permitted.
SQCS 8, *A Firm's System of Quality Control* (Redrafted) (issued November 2010)	Auditors.	Effective for audits of financial statements for periods ending on or after January 1, 2012.
Projects in Request-for-Comment Stage		
Working Draft of Audit and Accounting Guide, *Not-for-Profit Entities*	Not-for-profit entities.	Comments due October 15, 2012.
Proposed SAS, *Omnibus Statement on Auditing Standards — 2012* (issued August 31, 2012)	Auditors.	Comments due October 31, 2012.
Exposure Draft, *Omnibus Proposal — AICPA Professional Ethics Division Interpretations and Definitions*	All entities.	Comments due November 19, 2012.

SEC	Affects	Status
Significant Adoption Dates		
Final Rule, *Adoption of Updated EDGAR Filer Manual* (33-9353) (issued August 30, 2012)	SEC registrants.	Effective September 6, 2012.
Final Rule, *Disclosure of Payments by Resource Extraction Issuers* (34-67717) (issued August 22, 2012)	SEC registrants.	Effective November 13, 2012.
Final Rule, *Conflict Minerals* (34-67716) (issued August 22, 2012)	SEC registrants.	Effective November 13, 2012.
Final Rule, *Further Definition of "Swap," "Security-Based Swap," and "Security-Based Swap Agreement"; Mixed Swaps; Security-Based Swap Agreement Recordkeeping* (33-9338) (issued July 18, 2012)	SEC registrants.	Effective October 12, 2012.
Final Rule, *Consolidated Audit Trail* (34-67457) (issued July 18, 2012)	SEC registrants.	Effective October 1, 2012.
Final Rule, *Process for Submissions for Review of Security-Based Swaps for Mandatory Clearing and Notice Filing Requirements for Clearing Agencies; Technical Amendments to Rule 19b-4 and Form 19b-4 Applicable to All Self-Regulatory Organizations* (34-67286) (issued June 28, 2012)	SEC registrants.	Effective August 13, 2012, for Sections 240.3Ca-1, 240.3Ca-2, and the amendments to 240.19b-4; December 10, 2012, for all amendments to Section 249.819 and Form 19b-4.

Final Rule, *Listing Standards for Compensation Committees* (33-9330) (issued June 20, 2012)	SEC registrants.	Effective July 27, 2012.
Final Rule, *Political Contributions by Certain Investment Advisers: Ban on Third-Party Solicitation; Extension of Compliance Date* (IA-3418) (issued June 8, 2012)	SEC registrants.	Effective June 11, 2012.
Final Rule, *Technical Amendment to Rule 206(4)-5: Political Contributions by Certain Investment Advisers* (IA-3403) (issued May 9, 2012)	SEC registrants.	Effective May 15, 2012.
Final Rule, *Further Definition of "Swap Dealer," "Security-Based Swap Dealer," "Major Swap Participant," "Major Security-Based Swap Participant," and "Eligible Contract Participant"* (34-66868) (issued April 27, 2012)	SEC registrants.	Effective July 23, 2012.
Final Rule, *Exemptions for Security-Based Swaps Issued by Certain Clearing Agencies* (33-9308) (issued March 30, 2012)	SEC registrants.	Effective April 16, 2012.
Final Rule, *Adoption of Updated EDGAR Filer Manual* (33-9303) (issued March 26, 2012)	SEC registrants.	Effective March 30, 2012.
Final Rule, *Net Worth Standard for Accredited Investors* (33-9287A) (issued March 23, 2012)	SEC registrants.	Effective March 28, 2012.
Final Rule, *Rules of Organization; Conduct and Ethics; and Information and Requests* (34-66502) (issued March 7, 2012)	SEC registrants.	Effective March 7, 2012.
Final Rule, *Investment Adviser Performance Compensation* (IA-3372) (issued February 15, 2012)	SEC registrants.	Effective May 22, 2012.
Final Rule, *Reporting Line for the Commission's Inspector General* (34-66355) (issued February 8, 2012)	SEC registrants.	Effective February 14, 2012.
Final Rule, *Covered Securities of BATS Exchange, Inc.* (33-9295) (issued January 20, 2012)	Securities listed, or authorized for listing, on BATS Exchange, Inc.	Effective February 24, 2012.
Final Rule, *Net Worth Standard for Accredited Investors* (33-9287) (issued December 21, 2011)	SEC registrants.	Effective February 27, 2012.
Final Rule, *Mine Safety Disclosure* (33-9286) (issued December 21, 2011)	SEC registrants.	Effective January 21, 2012.
Final Rule, *Adoption of Updated EDGAR Filer Manual* (33-9281) (issued November 22, 2011)	SEC registrants.	Effective November 29, 2011.
Final Rule, *Reporting Line for the Commission's Ethics Counsel* (34-65742) (issued November 14, 2011)	SEC registrants.	Effective November 18, 2011.
Final Rule, *Rescission of Outdated Rules and Forms, and Amendments to Correct References* (33-9273) (issued November 4, 2011)	SEC registrants.	Effective November 21, 2011.
Final Rule, *Reporting by Investment Advisers to Private Funds and Certain Commodity Pool Operators and Commodity Trading Advisors on Form PF* (IA-3308) (issued October 31, 2011)	Certain registered investment advisers.	Effective March 31, 2012.
Final Rule, *Technical Amendment to Delegation of Authority to the Director of the Division of Trading and Markets* (34-65628) (issued October 26, 2011)	SEC registrants.	Effective November 2, 2011.
Final Rule, *Privacy Act of 1974: Implementation and Amendment of Exemptions* (PA-47) (issued September 12, 2011)	SEC registrants.	Effective October 17, 2011.
Final Rule, *Large Trader Reporting* (34-64976) (issued July 27, 2011)	SEC registrants.	Effective October 3, 2011.

Final Rule, *Security Ratings* (33-9245) (issued July 27, 2011)	SEC registrants.	Effective September 2, 2011, except for certain amendments that will become effective on December 31, 2012.
Final Rule, *Risk Management Controls for Brokers or Dealers With Market Access* (34-64748) (issued June 27, 2011)	SEC registrants.	Effective June 30, 2011. The effective date for Rule 15c3-5 remains January 14, 2011. The compliance date is extended to November 30, 2011, for the requirements of Rule 15c3-5 for fixed-income securities, and the requirements of Rule 15c3-5(c)(1)(i) for all securities. The compliance date remains July 14, 2011, for all provisions of Rule 15c3-5 not subject to the limited extension.
Final Rule, *Temporary Rule Regarding Principal Trades With Certain Advisory Clients* (IA-3128) (issued December 28, 2010)	Investment advisers registered with the SEC as broker-dealers to meet the requirements of Section 206(3) of the Investment Advisers Act when they act in a principal capacity in transactions with certain of their advisory clients.	Effective December 30, 2010. Expiration date for 17 CFR 275.206(3)-3T is extended to December 31, 2012.
Interpretive Release, *Commission Guidance Regarding Definitions of Mortgage Related Security and Small Business Related Security* (34-67448) (issued July 17, 2012)	SEC registrants.	Effective July 20, 2012.
Interim Final Temporary Rule, *Extension of Temporary Registration of Municipal Advisors* (34-67901) (issued September 21, 2012)	Municipal advisors.	Effective September 30, 2012. This rule will extend the date on which temporary registrations filed in accordance with Rule 15Ba2-6T will expire from September 30, 2012, to September 30, 2013.
Interim Final Temporary Rule, *Extension of Interim Final Temporary Rule on Retail Foreign Exchange Transactions* (34-67405) (issued July 11, 2012)	Broker-dealers registered with the SEC.	Effective July 16, 2012.
Project in Request-for-Comment Stage		
Proposed Rule, *Eliminating the Prohibition Against General Solicitation and General Advertising in Rule 506 and Rule 144A Offerings* (33-9354) (issued August 29, 2012)	SEC registrants.	Comments due October 5, 2012.

PCAOB	Affects	Status
Significant Adoption Dates		
Auditing Standard 16, *Communications With Audit Committees* (issued August 15, 2012)	Auditors of public entities.	Effective, subject to SEC approval, for audits in fiscal years beginning on or after December 15, 2012.

GASB	Affects	Status
Significant Adoption Dates		
Statement 68, *Accounting and Financial Reporting for Pensions* — an amendment of GASB Statement No. 27 (issued June 2012)	Governmental entities.	Effective for financial statements for fiscal years beginning after June 15, 2014. Earlier application is encouraged.
Statement 67, *Financial Reporting for Pension Plans* — an amendment of GASB Statement No. 25 (issued June 2012)	Governmental entities.	Effective for financial statements for fiscal years beginning after June 15, 2013. Earlier application is encouraged.
Statement 66, *Technical Corrections — 2012* — an amendment of GASB Statements No. 10 and No. 62 (issued March 2012)	Governmental entities.	Effective for financial statement periods beginning after December 15, 2012. Early application is encouraged.
Statement 65, *Items Previously Reported as Assets and Liabilities* (issued March 2012)	Governmental entities.	Effective for financial statement periods beginning after December 15, 2012. Early application is encouraged.
Statement 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* (issued June 2011)	Governmental entities.	Effective for financial statement periods beginning after December 15, 2011. Early application is encouraged.
Statement 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements* (issued December 2010)	Governmental entities.	Effective for financial statements for periods beginning after December 15, 2011. Early application is encouraged. The provisions of this Statement generally must be applied retroactively for all periods presented.

Statement 61, *The Financial Reporting Entity: Omnibus* — an amendment of GASB Statements No. 14 and No. 34 (issued November 2010)	Governmental entities.	Effective for financial statements for periods beginning after June 15, 2012. Early application is encouraged.
Statement 60, *Accounting and Financial Reporting for Service Concession Arrangements* (issued December 16, 2010)	Governmental entities.	Effective for periods beginning after December 15, 2011; retrospective application is required for all prior periods presented.
FASAB	**Affects**	**Status**
Significant Adoption Dates		
Statement 43, *Funds From Dedicated Collections: Amending Statement of Federal Financial Accounting Standards 27,* Identifying and Reporting Earmarked Funds (issued June 1, 2012)	U.S. federal government entities.	Effective for periods beginning after September 30, 2012. Early application is not permitted.
Statement 42, *Deferred Maintenance and Repairs — Amending Statements of Federal Financial Accounting Standards 6, 14, 19, and 32* (issued April 25, 2012)	U.S. federal government entities.	Effective for periods beginning after September 30, 2014. Early application is encouraged.
Statement 41, *Deferral of the Effective Date of SFFAS 38,* Accounting for Federal Oil and Gas Resources (issued July 6, 2011)	U.S. federal government entities.	Effective for periods beginning after September 30, 2012. Early application is encouraged.
Statement 36, *Reporting Comprehensive Long-Term Fiscal Projections for the U.S. Government* (issued September 28, 2009)	U.S. federal government entities.	This Statement provides for a phased-in implementation, but early implementation is encouraged. All information will be reported as required supplementary information for the first three years of implementation (fiscal years 2010, 2011, and 2012). Beginning in fiscal year 2013, the required information will be presented as a basic financial statement, disclosures, and required supplementary information as designated within the standard.
Technical Release 14, *Implementation Guidance on the Accounting for the Disposal of General Plant, Property, & Equipment* (issued October 6, 2011)	U.S. federal government entities.	Effective upon issuance (October 6, 2011).
Technical Bulletin 2011-1, *Accounting for Federal Natural Resources Other Than Oil and Gas* (issued July 6, 2011)	U.S. federal government entities.	Effective for periods beginning after September 30, 2013. Early application is encouraged.
IASB/IFRIC	**Affects**	**Status**
Significant Adoption Dates		
Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance — Amendments to IFRS 10, IFRS 11 and IFRS 12 (issued June 28, 2012)	Entities reporting under IFRSs.	Effective for annual periods beginning on or after January 1, 2013. Early application is permitted.
Annual Improvements to IFRSs: 2009–2011 Cycle (issued May 17, 2012)	Entities reporting under IFRSs.	Effective for annual periods beginning on or after January 1, 2013. Early application is permitted.
IFRS for SMEs Q&A 2012/04, *Recycling of Cumulative Exchange Differences on Disposal of a Subsidiary* (issued April 27, 2012)	SMEs reporting under IFRSs.	Effective upon issuance (April 27, 2012).
IFRS for SMEs Q&A 2012/03, *Fallback to IFRS 9* Financial Instruments (issued April 27, 2012)	SMEs reporting under IFRSs.	Effective upon issuance (April 27, 2012).
IFRS for SMEs Q&A 2012/02, *Jurisdiction Requires Fallback to Full IFRSs* (issued April 10, 2012)	SMEs reporting under IFRSs.	Effective upon issuance (April 10, 2012).
IFRS for SMEs Q&A 2012/01, *Application of "Undue Cost or Effort"* (issued April 10, 2012)	SMEs reporting under IFRSs.	Effective upon issuance (April 10, 2012).
Government Loans — Amendments to IFRS 1 (issued March 13, 2012)	Entities reporting under IFRSs.	Effective for annual periods beginning on or after January 1, 2013. Early application is permitted.
IFRS for SMEs Q&A 2011/03, *Interpretation of "Traded in a Public Market" in Applying the IFRS for SMEs* (issued December 2011)	SMEs reporting under IFRSs.	Effective upon issuance (December 7, 2011).

IFRS for SMEs Q&A 2011/02, *Entities That Typically Have Public Accountability* (issued December 2011)	SMEs reporting under IFRSs.	Effective upon issuance (December 7, 2011).
Offsetting Financial Assets and Financial Liabilities — Amendments to IAS 32 (issued December 16, 2011)	Entities reporting under IFRSs.	Effective for annual periods beginning on or after January 1, 2014. An entity must apply the amendments retrospectively. Early application is permitted.
Disclosures — Offsetting Financial Assets and Financial Liabilities — Amendments to IFRS 7 (issued December 16, 2011)	Entities reporting under IFRSs.	Effective for annual periods beginning on or after January 1, 2013, and interim periods within those annual periods. An entity must provide the disclosures required by the amendments retrospectively.
Mandatory Effective Date and Transition Disclosures — Amendments to IFRS 9 and IFRS 7 (issued December 16, 2011)	Entities reporting under IFRSs.	Amended the effective date of IFRS 9 (2009) and IFRS 9 (2010) so that IFRS 9 is required to be applied for annual periods beginning on or after January 1, 2015. Early application is permitted.
IFRIC Interpretation 20, *Stripping Costs in the Production Phase of a Surface Mine* (issued October 19, 2011)	Entities reporting under IFRSs.	Effective for annual periods beginning on or after January 1, 2013, with early adoption permitted.
Presentation of Items of Other Comprehensive Income — Amendments to IAS 1 (issued June 16, 2011)	Entities reporting under IFRSs.	Effective for annual periods beginning on or after July 1, 2012. Early application is permitted.
IAS 19, *Employee Benefits* (Revised 2011) (issued June 16, 2011)	Entities reporting under IFRSs.	Effective for annual periods beginning on or after January 1, 2013. Early application is permitted.
IAS 28, *Investments in Associates and Joint Ventures* (Revised 2011) (issued May 12, 2011)	Entities reporting under IFRSs.	Effective prospectively for annual periods beginning on or after January 1, 2013. Early application is permitted.
IAS 27, *Separate Financial Statements* (Revised 2011) (issued May 12, 2011)	Entities reporting under IFRSs.	Effective prospectively for annual periods beginning on or after January 1, 2013. Early application is permitted.
IFRS 13, *Fair Value Measurement* (issued May 12, 2011)	Entities reporting under IFRSs.	Effective prospectively for annual periods beginning on or after January 1, 2013. Early application is permitted. The disclosure requirements do not need to be applied to comparative information provided for periods before initial application of this IFRS.
IFRS 12, *Disclosure of Interests in Other Entities* (issued May 12, 2011)	Entities reporting under IFRSs.	Effective prospectively for annual periods beginning on or after January 1, 2013. Early application is permitted.
IFRS 11, *Joint Arrangements* (issued May 12, 2011)	Entities reporting under IFRSs.	Effective prospectively for annual periods beginning on or after January 1, 2013. Early application is permitted.
IFRS 10, *Consolidated Financial Statements* (issued May 12, 2011)	Entities reporting under IFRSs.	Effective prospectively for annual periods beginning on or after January 1, 2013. Early application is permitted.
Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters — Amendments to IFRS 1 (issued December 20, 2010)	Entities reporting under IFRSs.	Effective for annual periods beginning on or after July 1, 2011. Early application is permitted.
Deferred Tax: Recovery of Underlying Assets — Amendments to IAS 12 (issued December 20, 2010)	Entities reporting under IFRSs.	Effective for annual periods beginning on or after January 1, 2012. Early application is permitted.
IFRS 9, *Financial Instruments* (issued October 28, 2010)	Entities reporting under IFRSs.	Effective for annual periods beginning on or after January 1, 2015. Early application is permitted.
Disclosures — Transfers of Financial Assets — Amendments to IFRS 7 (issued October 7, 2010)	Entities reporting under IFRSs.	Effective for annual periods beginning on or after July 1, 2011. Early application is permitted.
IFRS 9, *Financial Instruments* (issued November 9, 2009)	Entities reporting under IFRSs.	Effective for annual periods beginning on or after January 1, 2015. Early application is permitted.

Projects in Request-for-Comment Stage		
IFRS Proposal, *IFRS Foundation Constitution — Drafting Review: Separating the Role of the IASB Chair and the Executive Director* (issued July 25, 2012)	Entities reporting under IFRSs.	Comments due October 23, 2012.
IASB Request for Information, *Post-Implementation Review: IFRS 8* Operating Segments (issued July 19, 2012)	Entities reporting under IFRSs.	Comments due November 16, 2012.
IASB Request for Information, *Comprehensive Review of the IFRS for SMEs* (issued June 26, 2012)	Entities reporting under IFRSs.	Comments due November 30, 2012.

Appendix B: Industry Publications

This appendix contains links to our *Industry Spotlight* series as well as other critical industry publications published by Deloitte over the **past year**. These documents provide industry perspectives on recent developments in accounting and financial reporting.

Industry Spotlight Series

Aerospace & Defense

- Issue 3, February 2012: Converged Revenue Recognition Model Nearly Ready for Liftoff.

Asset Management

- Issue 1, April 2012: Constituents Share Views on Three FASB Proposals.

Automotive

- Issue 1, February 2012: Accelerating Toward a New Revenue Recognition Model!

Consumer Products

- Issue 2, April 2012: How the Converged Revenue Recognition Model May Affect Sales Targets.

Financial Services

- Issue 1, July 2012: ASU 2011-04: A Few Good Disclosures.

Health Care Providers

- Issue 3, June 2012: Imminent Transition to ICD-10 Leads to Questions About Accounting for Incurred Costs.
- Issue 2, February 2012: Questions About Presentation of Insurance Claims and Related Insurance Recoveries Under ASU 2010-24.
- Issue 1, January 2012: ASU 2011-07 — What Do the Revenue Presentation and Disclosure Changes Mean?

Insurance

- Issue 5, August 2012: The Sun Sets on Direct-Response Advertising.
- Issue 4, April 2012: Intersection Ahead in the Revenue Recognition and Insurance Contracts Projects.
- Issue 3, November 2011: NAIC Approves SSAP No. 101, *Income Taxes*.
- Issue 2, November 2011: October Roundtable and Joint Meeting Highlights.

Life Sciences

- Issue 4, March 2012: Effectively Treating the Impacts of the Converged Revenue Recognition Model.
- Issue 3, October 2011: Accounting for the Branded Prescription Drug Annual Fee.

Media & Entertainment

- Issue 1, April 2012: Questions Remain Regarding the Converged Revenue Recognition Model's Red Carpet Appearance.

Power & Utilities

- Issue 1, September 2012: CSAPR Vacated by Court of Appeals.

Process & Industrial Products

- Issue 1, March 2012: The Nuts and Bolts of the Converged Revenue Recognition Model.

Real Estate

- Issue 2, April 2012: Update on the FASB's Investment Property Entity and Investment Company Projects.

Retail & Distribution

- Issue 2, April 2012: How the Converged Revenue Recognition Model May Affect Sales Targets.

Technology

- Issue 2, February 2012: A Few Bytes Away From Downloading the Converged Revenue Recognition Standard!
- Issue 1, October 2011: The Sunset of Software Accounting.

Industry Accounting, Financial Reporting, and Tax Updates

Energy & Resources, issued January 2012.

Financial Services, issued December 2011 in four separate volumes:

- Asset Management.
- Banking & Securities.
- Insurance.
- Real Estate.

Life Sciences, issued March 2012.

Appendix C: Glossary of Standards

FASB Accounting Standards Codification Topic 860, *Transfers and Servicing*

FASB Accounting Standards Codification Topic 810, *Consolidation*

FASB Accounting Standards Codification Topic 450, *Contingencies*

FASB Accounting Standards Codification Topic 205, *Presentation of Financial Statements*

FASB Accounting Standards Codification Subtopic 605-35, *Revenue Recognition: Construction-Type and Production*

FASB Accounting Standards Codification Subtopic 450-20, *Contingencies: Loss Contingencies*

FASB Accounting Standards Codification Subtopic 350-30, *Intangibles — Goodwill and Other: General Intangibles*

FASB Accounting Standards Codification Subtopic 250-10, *Accounting Changes and Error Corrections: Overall*

FASB Accounting Standards Update No. 2012-03, *Technical Amendments and Corrections to SEC Sections — Amendments to SEC Paragraphs Pursuant to SEC Staff Bulletin No. 114, Technical Amendments Pursuant to SEC Release No. 33-9250, and Corrections Related to FASB Accounting Standards Update 2010-22*

FASB Accounting Standards Update No. 2012-02, *Testing Indefinite-Lived Intangible Assets for Impairment*

FASB Accounting Standards Update No. 2012-01, *Continuing Care Retirement Communities — Refundable Advance Fees*

FASB Accounting Standards Update No. 2011-08, *Testing Goodwill for Impairment*

FASB Accounting Standards Update No. 2010-22, *Accounting for Various Topics — Technical Corrections to SEC Paragraphs*

FASB Proposed Accounting Standards Update, *Presentation of Items Reclassified Out of Accumulated Other Comprehensive Income*

FASB Proposed Accounting Standards Update, *Real Estate — Investment Property Entities*

FASB Proposed Accounting Standards Update, *Principal Versus Agent Analysis*

FASB Proposed Accounting Standards Update, *Not-for-Profit Entities: Personnel Services Received From an Affiliate for Which the Affiliate Does Not Seek Compensation* — a consensus of the FASB Emerging Issues Task Force

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Appendix D: Abbreviations

AFI	accounting for financial instruments
AICPA	American Institute of Certified Public Accountants
AOCI	accumulated other comprehensive income
ASB	Auditing Standards Board
ASC	FASB Accounting Standards Codification
ASU	FASB Accounting Standards Update
AU	U.S. Auditing Standards
AU-C	U.S. Clarified Auditing Standards
BAAS	Bank Accounting Advisory Series
BIS	Bank for International Settlements
CAQ	Center for Audit Quality
CCRC	continuing care retirement community
CECL	current expected credit losses
CFO	chief financial officer
COSO	Committee of Sponsoring Organizations of the Treadway Commission
CPE	continuing professional education
DP	discussion paper
DRC	Democratic Republic of Congo
ED	exposure draft
EDGAR	Electronic Data Gathering, Analysis, and Retrieval
EDT	Eastern Daylight Time
EITF	Emerging Issues Task Force
EST	Eastern Standard Time
FAF	Financial Accounting Foundation
FAQs	frequently asked questions
FASAB	Federal Accounting Standards Advisory Board
FASB	Financial Accounting Standards Board
FinREC	Financial Reporting Executive Committee
FRM	SEC Financial Reporting Manual
FV-NI	fair value through net income
FV-OCI	fair value through other comprehensive income
GAAP	generally accepted accounting principles
GAAS	generally accepted auditing standards
GASB	Governmental Accounting Standards Board
IAESB	International Accounting Education Standards Board
IAS	International Accounting Standard
IASB	International Accounting Standards Board
ICD	International Classification of Diseases
ICIF	Internal Control — Integrated Framework
IES	International Education Standard
IESBA	International Ethics Standards Board for Accountants
IFAC	International Federation of Accountants
IFRIC	International Financial Reporting Interpretations Committee
IFRS	International Financial Reporting Standard
ISA	International Standard on Auditing
ISRE	International Standard on Review Engagements
IVSC	International Valuation Standards Council
JOBS	Jumpstart Our Business Startups Act
MD&A	Management's Discussion and Analysis
MSRB	Municipal Securities Rulemaking Board
NAIC	National Association of Insurance Commissioners
NASBA	National Association of State Boards of Accountancy
NI	net income
OCBOA	other comprehensive basis of accounting
OCC	Office of the Comptroller of the Currency
OCI	other comprehensive income
OMB	Office of Management and Budget
PCAOB	Public Company Accounting Oversight Board
PCC	Private Company Council
PCI	purchased credit-impaired
PEEC	Professional Ethics Executive Committee
Q&As	questions and answers
QIB	qualified institutional buyer
REIT	real estate investment trust
SAB	Staff Accounting Bulletin
SAS	Statement on Auditing Standards
SEC	Securities and Exchange Commission
SFFAS	Statement of Federal Financial Accounting Standards
SLE	single-lease-expense
SMEs	small and medium-sized entities
SQCS	Statement on Quality Control Standards
SSAP	Statement of Statutory Accounting Principles
SSARS	Statement on Standards for Accounting and Review Services
TDR	troubled debt restructuring
TPA	Technical Practice Aid
XBRL	eXtensible Business Reporting Language

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