

ACPEN Network

Compilation & Review Update

FASB Accounting Standards Codification™

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Agenda

- Background
 - Why a Codification?
 - What is the Codification?
 - How is it structured?
 - What is the timeline?
 - How will users navigate the Codification?
 - How will FASB update the Codification?
- Demonstration
- Next steps and related matters

Current State

FASB Statements

FASB Staff Positions

FASB Interpretations

Accounting Principles Board Opinions

Accounting Research Bulletins

FASB Technical Bulletins

AICPA Statements of Position

AICPA Audit and Accounting Guides

EITF Abstracts (and issue summaries)

EITF Appendix D

AICPA Practice Bulletins

FASB Staff Implementation Guidance

AICPA Technical Questions and Answers

AICPA Audit Risk Alerts

FASB Concepts Statements

AICPA Accounting Interpretations

AICPA Issues Papers

SEC S-X Rules

SEC S-K Items

SEC Speeches—Topics Covered

SEC SAB Codification Topics

SEC ASR / FRR Codification Sections

Why a Codification?

- Constituent concern that U.S. GAAP is overly confusing and difficult to research
- Multiple types of standards, multiple standard setters, multiple indexing schemes, and different levels of authority make it difficult to retrieve all relevant U.S. GAAP

What Is the Codification?

- Current level A-D U.S. GAAP (issued by a standard setter) codified into a topically-organized format
- NOT intended to change U.S. GAAP
- Upon approval by the FASB, it will be the single authoritative source for U.S. GAAP and supersede existing sources of U.S. GAAP
- Any sources of U.S. GAAP not included in the Codification will be NON-authoritative
- On-line Codification Research System designed for the topically-organized content to improve the usability of authoritative U.S. GAAP

Content

- Codification includes authoritative guidance (for example, standards sections, implementation guidance, and so forth)
- Codification excludes content deemed redundant or non-authoritative (for example, much of basis for conclusions)
- Codification is authored assuming a December 31, 2008 effective date
 - Guidance that is effective after that date is transitional
- Codification Research System provides references to the standards used in the codification

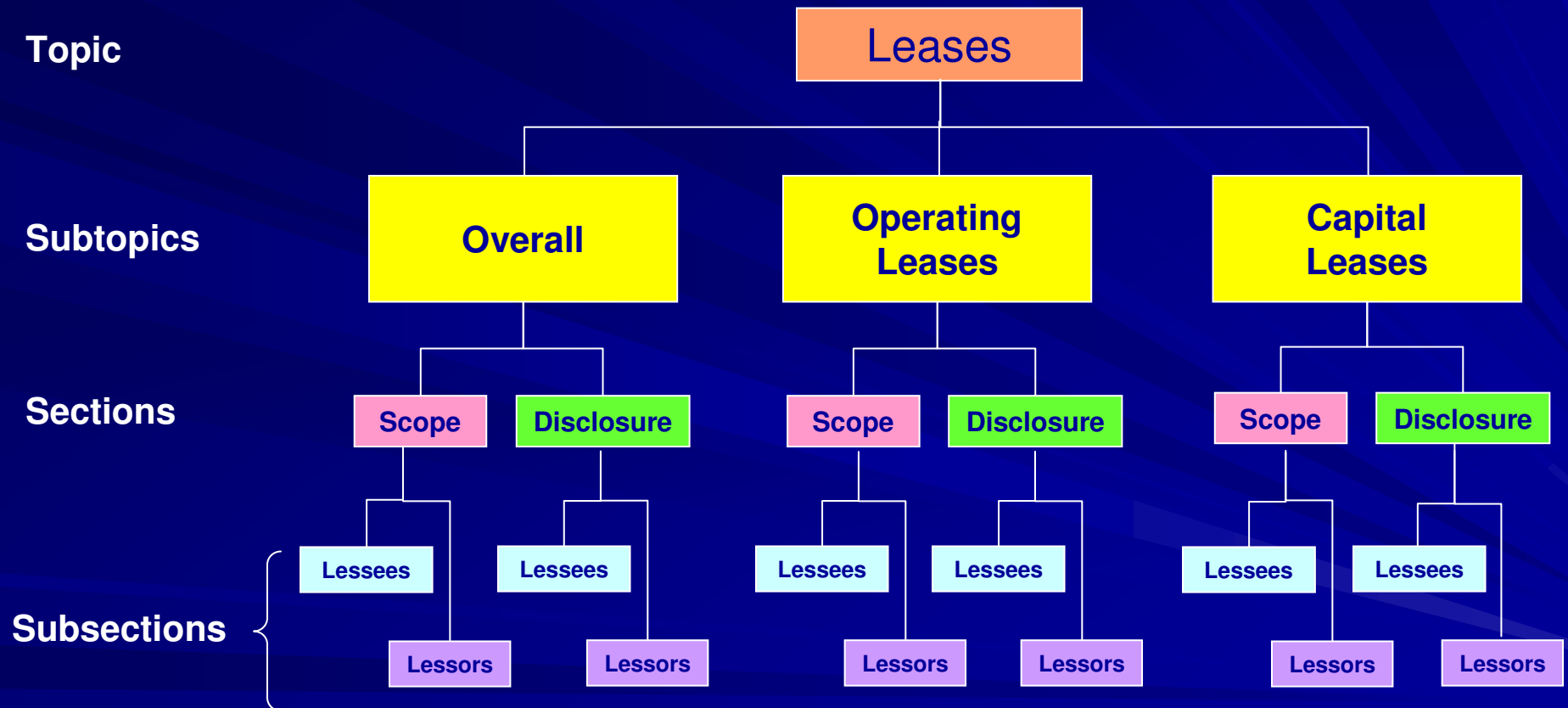
SEC Content

- SEC content is the domain of the SEC
- SEC content included in Codification topics, but in separate SEC sections
 - SEC guidance is required only for SEC registrants
 - Many private companies do not want SEC guidance
- SEC Material sections include the full text of the relevant guidance

How Is the Codification Structured?

- **Areas**—Groupings of topics
 - General Principles
 - Presentation
 - Financial Statement Accounts
 - Assets, Liabilities, Equity, Revenue, Expense
 - Broad Transactions
 - Industry
- **Topics**—Broadest categorization of related content
 - Correlate with IFRS / IAS standards
- **Subtopics**—generally distinguished by type or scope
- **Sections**—nature of the content, such as recognition, measurement, disclosure, and so forth
 - Correlate with IFRS / IAS sections

Example



Note: This is for illustration only and does not include all Topics, Subtopics, Sections and Subsections.

What Is the Codification Timeline?

- Released on January 15 to begin verification
- One-year verification period
 - Content not yet authoritative
 - Constituents will have the option to use (free of charge) to research accounting issues and provide content-related feedback
 - Will be updated during the verification period for feedback received and newly issued standards
- Expected to release as authoritative in April 2009
 - Constituents will be **REQUIRED** to use

How will users navigate the Codification?

- Available free of charge for those who register online at:

<http://asc.fasb.org>

- The Codification home page includes tutorials
- Today's presentation will demonstrate certain aspects of the Codification

How will the FASB update the Codification?

- The FASB will develop Codification update instructions to document changes to the Codification
- After the Codification becomes authoritative
 - The FASB will continue to issue individual standards in the form of *Codification Updates* numbered as Year – Sequence (such as, FASB Codification Update 2009-03)
 - The FASB will update the Codification concurrent with the release of a *Codification Update*
- Transitional text will be presented in the Codification together with current text so that users can access both current and transitional text in the same location

Transitional Text

Codification Update Instructions

C3. Revise paragraph 605-35-25-5 as follows:

25-5 This is ~~some illustrative~~ the revised text.

Codification

25-5 This is some illustrative text.

Pending Text	Link to Transition Guidance
25-5 This is the revised text.	

Demonstration

Next Steps for FASB

- Updating for
 - Pending topics
 - Business Combinations
 - Insurance Industry
 - New standards
 - Verification feedback
- Interactive data (XBRL/Tagged financials)
 - Recently released US GAAP Taxonomy
 - Updating the taxonomy for Codification references

Steps for Audience

- Verification period is opportunity to correct possible errors
- Strongly suggest that you
 - Use the Codification for research AND
 - Provide feedback during the remainder of the verification period

Questions