

The 9th Annual Financial Reporting Conference

Paul A. Beswick
Deputy Chief Accountant

**U.S. Securities and Exchange
Commission**



Disclaimer

The Securities and Exchange Commission, as a matter of policy, disclaims responsibility for any private publication or statement by any of its employees. Therefore, the views expressed today are my own, and do not necessarily reflect the views of the Commission or the other members of the staff of the Commission.

Avenues for Consultations

- Pre-filing basis – requests from registrants
 - Guidance posted on the SEC’s website:
<http://www.sec.gov/info/accountants/ocasubguidance.htm>
 - Submit GAAP questions by email to OCA@sec.gov
 - Submit 404 questions by email to 404smallbusiness@sec.gov
- Post-filing basis –
 - Internal consultations from Divisions of Corporation Finance and Enforcement
 - Requests from registrants

Rule-Making and Policy Developments

**Current
Economic Times**

Current Economic Times – *Accounting Assumptions*

Accounting assumptions in the current environment

- ◆ **Preparation of financial statements requires preparers to make assumptions**
- ◆ **Reminders**
 - **Identify and follow objectives of the accounting standards**
 - **Base assumptions on reasoned analysis and available information**
 - **Current market data; expert forecasts**
 - **Do not manipulate models or assumptions to achieve a desired outcome**
- ◆ **Examples**
 - **Fair Value Measurements**
 - **Debt Restructuring**

Rule-Making and Policy Developments

IFRS in the U.S.

Commission Statement in Support of Convergence and Global Accounting Standards

- ◆ **Issued February 2010**
- ◆ **Reaffirms Commission's strong commitment to a single set of global accounting standards**
- ◆ **Recognizes IFRS is best-positioned to be able to serve as single set of global accounting standards**

Commission Statement in Support of Convergence and Global Accounting Standards

- ◆ **Recognizes ongoing convergence process between FASB and IASB**
- ◆ **Summarizes feedback on proposed “Roadmap”**

Commission Statement in Support of Convergence and Global Accounting Standards

◆ Next steps

- **Directs staff of the Office of the Chief Accountant, in consultation with other Divisions and Offices of the Commission, to develop and carry out a Work Plan**
- **Commission determination in 2011**
- **If IFRS to be incorporated, earliest reporting in 2015 or 2016**

◆ Work Plan Execution

Key Areas of the Work Plan

- ◆ Whether to incorporate IFRS for U.S. issuers
- ◆ How to incorporate IFRS for U.S. issuers

Whether to Incorporate IFRS

- ◆ Sufficient development and application of IFRS for the U.S. financial reporting system
- ◆ Independent standard setting for the benefit of investors

How to incorporate IFRS for U.S. issuers

- ◆ **Investor understanding and education regarding IFRS**
- ◆ **Examination of the U.S. regulatory environment that would be affected by a change in accounting standards**
- ◆ **Impact on issuers**
- ◆ **Human capital readiness**