

L·B·B BRIEFS FOR SMALLER REPORTING COMPANIES

As expected . . . SEC Delays Attestation Reports on Internal Control Over Financial Reporting for Non-Accelerated Filers: The SEC issued Final Release No. 33-8934, *Internal Control Over Financial Reporting in Exchange Act Periodic Reports of Non-Accelerated Filers*, adopting amendments to temporary rules that were published on December 21, 2006, in SEC Release No. 33-8760. Rule 308T of Regulations S-K (17 CFR 229.308T) and S-B (17 CFR 228.308T) required companies that are non-accelerated filers to include in their annual reports, an attestation report from their independent auditors on internal control over financial reporting for fiscal years ending on or after December 15, 2008. The Final Release extends the date of the earliest fiscal year for which an attestation report is required by one year to December 15, 2009. Item 308T of Regulation S-B, SEC Form 10-K, and SEC Form 10-Q will be effective from September 2, 2008, to June 30, 2010.

It is a **key internal control for a public Company's audit committee and financial officers to remain abreast of regulatory actions** by the SEC, FASB, AICPA, and others. A sampling of recent regulatory actions by the FASB:

- * **5/9/2008:** SFAS No. 162, *The Hierarchy of Generally Accepted Accounting Principles*
- * **6/25/2008:** EITF Issue 07-5, "Determining Whether an Instrument (or Embedded Feature) Is Indexed to an Entity's Own Stock"
- * **6/16/2008:** FSP No. EITF 03-6-1, *Determining Whether Instruments Granted in Share-Based Payment Transactions Are Participating Securities*
- * **5/9/2008:** FSP No. APB 14-1, *Accounting for Convertible Debt Instruments That May Be Settled in Cash upon Conversion (Including Partial Cash Settlement)*
- * **4/25/2008:** FSP No. FAS 142-3, *Determination of the Useful Life of Intangible Assets*
- * **4/24/2008:** FSP No. SOP 90-7-1, *An Amendment of AICPA Statement of Position 90-7*

Individuals responsible for financial reporting oversight also need to remain aware of the ongoing fair value developments in the industry, which represent a dramatic shift from existing standards.

Regarding the Move to IFRS . . . Securities and Exchange Commission (SEC) officials have no intention of blindly following the rest of the world as other markets adopt global accounting rules. That said, they also feel they'd be doing U.S. investors and public companies a disservice if they simply ignored the growing support for the International Financial Reporting Standards (IFRS). "The SEC can learn a great deal from observing what happens in other markets around the world as well as what happens in the U.S., and using those observations to make informed judgments as to whether certain changes taking place outside the U.S. might be suitable for the U.S. markets," John White, the Securities and Exchange Commission's Director of the Division of Corporation Finance, said in New York on June 5, 2008, to Financial Executives International's Global Financial Reporting Convergence Conference. "This lies at the core of the SEC's current considerations on IFRS." The SEC has yet to specify when it will revisit the August 2007 Concept Release No. 33-8831, *Allowing U.S. Issuers To Prepare Financial Statements In Accordance With International Financial Reporting Standards* (Corrected). But Chairman Christopher Cox and other agency officials have said several times that they hope to issue a rule proposal and a final rule on IFRS before the year is out.

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