

L·B·B BRIEFS

FOR SMALLER REPORTING COMPANIES

Fraud is increasing . . . According to a recent report by the consulting firm Kroll, fraud is up 22% over last year, and companies lost an average of \$8.2 million over the past three years. According to Kroll, the incidence of corporate fraud is going up, not down, despite increased regulatory and enforcement efforts such as the Sarbanes-Oxley Act and the Foreign Corrupt Practices Act. The fraud increase is thought to be largely driven by the credit crunch and tough economic climate, according to the latest *Kroll Global Fraud Report*. According to the survey results, the fastest growing types of fraud were information theft (27 percent, up from 22 percent) and regulatory and compliance breaches (25 percent, up from 19 percent), both up by at least five percentage points from last year's survey. Only two of the ten categories of fraud tracked in the survey – money laundering and procurement fraud– declined, albeit by a mere one percent each.

Additionally, according to a new study by **BDO Consulting, LLP**, 37 percent of top executives at leading U.S. private equity firms have been exposed to corporate fraud through their investments, and 40 percent of these investors say the impact on their investment return was significant. Further information can be found in the ***BDO Consulting Corporate Anti-Fraud Study***.

Comprehensive Guidance on Applying International Financial Reporting Standards ("IFRS") . . . *International Accounting and Financial Reporting* (formerly *International Accounting, Financial Reporting, and Analysis*) has been completely rewritten to provide a comprehensive treatise and practice manual on the application of IFRS.

The Emerging Developments section in Part A of this revised handbook summarizes the main IFRS, IFRIC, and U.S. exposure drafts as well as SEC accounting proposals affecting IFRS or U.S. GAAP. Part A also includes a summary of the SEC's requirements for foreign issuers generally and IFRS filers in particular. Part B provides detailed coverage of 40 main IFRS topics (including disclosure requirements, nearly 100 excerpts from notes to IFRS financial statements, and more than 150 IFRS computational examples) and identifies significant differences from U.S. GAAP, including samples of previously required SEC Form 20-F abstracts explaining such differences. Part C provides detailed coverage, including computational examples and disclosure excerpts, of IFRS requirements for mining, insurance and reinsurance companies. **Finally, part D includes a quick-reference guide to the principal differences between IFRS and U.S. GAAP (Appendix A)**, data on cross-border capital markets (Appendix B), the full text of Nokia Corporation's 2007 IFRS financial statements (Appendix C), and a cross-reference of IASB authoritative pronouncements to sections of this revised handbook (Appendix D).

Also of interest with regard to **Fair Value**, we find in our readings that the banking industry is using the SEC's rulemaking comment process to advance its campaign to undo fair value accounting, particularly the FASB's SFAS No. 157, Fair Value Measurements. The fair value standards will remain a very hot topic in the coming years.

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