

FASB Accounting Standards Codification

Consider this: U.S. GAAP comprises thousands of individual pronouncements, including those of the FASB, the AICPA's Accounting Standards Executive Committee, the Emerging Issues Task Force and the SEC.

In an effort to simplify a clearly complex and variegated body of accounting literature, the FASB issued on January 15, 2008, the *FASB Accounting Standards Codification*[™]. The Codification gathers the thousands of GAAP pronouncements under approximately 90 accounting topics. The Codification does not change GAAP, but rather provides a reorganization of the existing literature into a more readable, easy-to-use set of standards available in one spot.

The FASB expects the Codification will:

- (a) Reduce the amount of time and effort required to solve an accounting research issue.
- (b) Improve usability of the literature thereby mitigating the risk of noncompliance with standards.
- (c) Provide real-time updates as new standards are released.
- (d) Assist the FASB with the research and convergence efforts required during the standard-setting process.
- (e) Become the authoritative source of literature for the completed XBRL taxonomy.

The FASB is exposing the Codification for a verification period of a year. During that time, interested parties may use the Codification Research System free of charge to research accounting issues and provide feedback. They may register to review the Codification at <http://asc.fasb.org>.

“We wholeheartedly support the FASB’s Codification project,” said Barry Melancon, AICPA president and CEO. “For a long time, many users have said that GAAP is confusing. The Codification represents a simplification of the enormous body

of accounting standards. It renders GAAP more understandable and accessible for research.”

The Codification affects preparers, auditors, tax practitioners, financial statement users, academics and students, Melancon said. “We’re encouraging all our members to take the time to use the Codification in the course of their daily work during the verification period and offer their feedback to FASB.”

The Institute will develop professional development courses to help educate its members about the Codification. These will include webcasts, self-study and group-study courses.