

Date:

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Summary:

Addressing a panel at the Center for Audit Quality in Washington, Financial Accounting Standards Board Chairman Robert Herz said U.S. revenue-recognition rules need to be changed, pointing out that current rules are too difficult for auditors to apply and for investors to understand. "There are about 50 different U.S. revenue-recognition models to apply.... There are very few overreaching principles to latch on to." Herz would like to move toward these principles and away from detailed standards for each industry and different transactions.

At the same event, the chairman of the Public Company Accounting Oversight Board (PCAOB), Mark Olson, pointed out that these detailed standards are not necessarily any more effective than those used overseas. In an interview, Barry Melancon, president of the American Institute of Certified Public Accountants, also supported the move toward a principles-based approach if it moves beyond applying nuances in every transaction.

Link to Original:

<http://www.financialweek.com/apps/pbcs.dll/article?AID=/20080722/REG/971262353/-1/FWDailyAlert01&template=printart> Financial Week is edited for the "C-Suite" with circulation of approximately 55,000.

Original Title:

FASB's Herz calls for changes to revenue-recognition rules