

Federal Accounting Standards Advisory Board

FOR MORE INFORMATION:

Eileen Parlow
(202) 512-7356
parlowe@fasab.gov

March 16, 2007

NEWS RELEASE

FASAB Issues Interpretation 7: *Items Held for Remanufacture*

The Chairman of the Federal Accounting Standards Advisory Board (FASAB), Tom Allen, announced today that the FASAB has issued Interpretation 7, *Items Held for Remanufacture*. The Interpretation provides guidance for the classification, valuation and reporting of items that are held for remanufacture prior to sale or internal use.

Items held for remanufacture include items in the process of inspection, disassembly, evaluation, cleaning, rebuilding, refurbishing and/or restoration to serviceable or technologically updated/upgraded condition. Items held for remanufacture do not include stand-alone items such as entire airplanes, ships, tanks, intercontinental ballistic missiles (ICBMs) or other higher assemblies that function independently.

“The Interpretation clarifies the principles governing the classification, valuation and reporting of items that are in the process of major overhaul or remanufacture for sale or for internal use. This will facilitate work by preparers and auditors in the federal environment while ensuring consistency in the broad principles applied in these cases.” according to Chairman Allen.

The Interpretation applies existing standards, in particular Statement of Federal Financial Accounting Standards 3, *Accounting for Inventory and Related Property*, to items held for remanufacture. Although the guidance was originally requested by the Department of Defense, the Interpretation applies to other Federal entities with items that are held for remanufacture prior to sale or internal use.

The Interpretation is available on the FASAB website at:

<http://www.fasab.gov/codifica.html>

ABOUT FASAB

Accounting and financial reporting standards are essential for public accountability and for an efficient and effective functioning of our democratic system of government. Thus, federal accounting standards and financial reporting play a major role in fulfilling the government's duty to be publicly accountable and can be used to assess (1) the

government's accountability and its efficiency and effectiveness, and (2) the economic, political, and social consequences of the allocation and various uses of federal resources. The FASAB issues federal accounting standards after following a due process consistent with the Memorandum of Understanding under which it operates. Due process includes consideration of the financial and budgetary information needs of citizens, congressional oversight groups, executive agencies, and the needs of other users of federal financial information.

For more information on FASAB, please visit our website: www.fasab.gov.