

Global Accountancy Profession Calls For Focus On SMEs

At a meeting held recently in London, more than 30 chief executives of accountancy bodies and regional accountancy organisations around the world expressed support for appropriate, simplified guidance being developed for small and medium entities. They also agreed that a major challenge for the accountancy profession is ensuring that requirements for financial information and assurance are appropriate for both large and small entities in both developed and developing countries. The requirements should be straightforward, clear and brief as possible.

Recognising that international standards that are right for a large public company may be burdensome for a small enterprise, the International Federation of Accountants (IFAC), together with its member bodies, is urging standard setters and regulators to consider the unique needs of small and medium enterprises (SMEs) in developing their rules and regulations.

“We believe the goals of standard setters like the International Accounting Standards Board (IASB) and the International Auditing and Assurance Standards Board (IAASB) should be to develop succinct, relevant and understandable guidance that eases the compliance burden on SMEs and ensures that benefits exceed costs,” states IFAC President Graham Ward. “This essentially means that the costs of preparing, auditing and disseminating financial statements should be proportionate to the information needs of the financial statement users.”

With SMEs representing 95.77 per cent of the businesses in the European Union, over 97 per cent of the total companies in the Asia Pacific region, and 99.7 per cent of all United States employers, the issue needs to be addressed urgently. The issue is at the forefront of the agendas of IFAC’s Developing Nations and Small and Medium Practices (SMP) Committees and is a matter of concern to IFAC’s Professional Accountants in Business Committee. (www.ifac.org)

Kuwaiti Accountants Association Establishes Database

The Kuwaiti Accountants and Auditors Association has announced that it is in the process of establishing a database comprising all categories of professionals and practitioners of fund management in their different capacities such as accounting, internal and external auditing, financing, financial analysis and investments in securities, funds and real estates. It has said this database comes as a qualitative step by the Association for coping with latest development for accommodating and coping with the scientific evolution and advancement related to the fund management. Moreover, it gives the chance for the ideal manipulation of the database containing information to serve diction makers in various related fields. The decision to complete this database is based on the urgent needs of fund management sector in the state of Kuwait.

(www.kuwaittimes.net)

Scottish Accountants Stress Parity With Lawyers

The Scottish Institute has come to blows with the Scottish Executive over the continued barring of accountants from providing legal services for winding up deceased estates. ICAS launched its assault as its English counterparts at the ICAEW look set to obtain new rights to provide such services. Scottish accountants are barred from providing legal service in this area due to a legislation in the 1980 Solicitors Act which only allows for lawyers to perform such a task.

While the law has been amended, accountants and other potential providers of this service are still barred. According to The Herald, the ICAEW is overseeing statutory instruments introduced early last year and assessing the procedures for obtaining authorisation, but no similar moves are afoot in Scotland.

(www.accountancyAge.com)

“When It Comes To Getting Things, We Need Fewer Architects And More Bricklayers.”

IPSASB Issues New Paper On US Transition To Accrual Accounting

To provide greater transparency and information in their financial reports, an increasing number of governments and other public sector entities are moving to adopt the accrual basis of accounting. The International Public Sector Accounting Standards Board (IPSASB) of IFAC has released an information paper on the experiences of the United States (US) in its transition to accrual accounting, entitled The Road to Accrual Accounting in the United States of America.

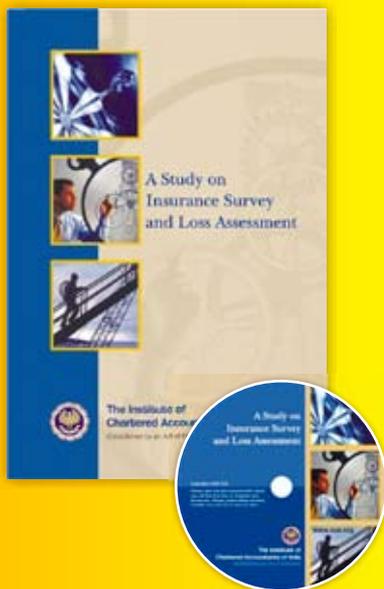
Adoption of accrual-based accounting by public sector entities increases the accountability and transparency of their financial reports and provides better information for planning and management purposes. This paper provides valuable insights for jurisdictions currently in the process of migration from the cash basis to the accrual basis or those considering adoption of the accrual basis.

The challenges for entities moving to the accrual basis include both development and implementation issues. They also include the establishment of appropriate institutional arrangements and mechanisms to promote, manage and assist in the transition. The IPSASB paper notes the development of administrative arrangements for formal standards setting at the local, state and federal government levels in the US and highlights key factors shaping the standards-setting structure. It also provides input on the US federal government reporting model.

The Road to Accrual Accounting in the United States of America can be downloaded free-of-charge from the IFAC online bookstore at <http://www.ifac.org/store>. (*www.ifac.org*)

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A Study on Insurance Survey and Loss Assessment

HIGHLIGHTS

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"If You Think You Can, You Can. And If You Think You Can't, You're Right."