

ED on moving GAAP for non-governmental entities issued

In response to Financial Accounting Standards Board's recent proposal on the Hierarchy of GAAP, the American Institute of CPAs has issued an exposure draft introducing a proposed Statement on Auditing Standards that would apply only to non-governmental entities. The draft, available online at www.aicpa.org/download/exposure/SAS_69_Amendment_April_ASb.pdf, introduces a proposed amendment to Statement on Auditing Standards No. 69, The Meaning of Present Fairly in Conformity With Generally Accepted Accounting Principles, for Non-governmental Entities.

The FASB proposal moves responsibility for the GAAP hierarchy for non-governmental entities from the auditing literature (SAS No. 69) to the accounting literature. The GAAP hierarchy had been criticised for being directed at auditors rather than at

the reporting entity, which is responsible for selecting accounting principles. Though the FASB proposal makes no substantive changes to the GAAP hierarchy existing in SAS No. 69, the AICPA noted that the FASB may change the GAAP hierarchy in the future. The Institute notes that the FASB has projects underway that would reduce the number of levels of accounting literature under the GAAP hierarchy to just two — authoritative and non-authoritative, and that would address the role of the FASB Concepts Statements in the GAAP hierarchy.

The proposed SAS deletes the GAAP hierarchy for non-governmental entities from SAS No. 69. The exposure draft lists the sources of established accounting principles in US that are generally accepted for governmental entities.

(www.webcpa.com)

AICPA issues Disaster Preparedness Guide

The American Institute of Certified Public Accountants (AICPA), the AICPA Foundation, the National Endowment for Financial Education and the American Red Cross have launched a new, broad-based disaster preparedness and planning guide to help consumers take steps to minimize financial loss before a disaster strikes. *Disasters and Financial Planning: A Guide for Preparedness* will be distributed free of charge by local Red Cross Chapters across the country as a public service. An online version of the guide is also available on the Red Cross Web site at www.redcross.org/financialplanning. The guide outlines steps the public can take before disaster strikes to minimize any financial impact, etc. The new guide expands on a previous publication called *Disaster Recovery: A Guide to Financial Issues*, which was issued in 2003.

Microsoft Unveils Accountants' Network

Microsoft Corp. has launched the Microsoft Professional Accountants' Network to offer training and technical support on its upcoming Microsoft Office Small Business Accounting 2006 application.

Program participants will have free business-critical and installation support on the SBA application. Another support program is also available for \$300 a year; it includes five free incident calls for accountants outside the two free support services, 10 free licenses for SBA and 10 free licenses for Microsoft Office Small Business Management Edition 2006, software with SBA embedded into Microsoft Office.

(www.webcpa.com)

More women finding jobs with CPA firms

More women than men are finding

jobs with the CPA firms in the United States and the trend is likely to continue for some more time, since women outnumber men in many college accounting programs nationwide and in Western New York.

Leaders at accounting firms say they hire the top candidates without regard to gender, but they've noticed that women have become more numerous among them.

Female job applicants form "an impressive group," says managing partner of Dopkins & Co. LLP in Amherst.

A personnel shortage might be fueling the trend. Enrollment in accounting programs across the country dropped by 50 per cent between 1990 and 2002, says Arthur Bowman, publisher of the Bowman Accounting Report, a national trade publication. Students had been lured away by studies in other areas of business, as well as information technology and jobs in dot-coms. However, Bowman says the Enron and Arthur Andersen

scandals have increased interest in accounting as a profession.

Local accountants say in general they've been handling more tax, franchise and government accounts but the brunt of the work has resulted from the Sarbanes-Oxley Act. Signed into law in 2002, the act requires that public companies separate their accounting and audit work, and has triggered a trickle-down effect that has had an impact on most CPA firms across the country. As a result, the firms are making impressive salary offers, offering signing bonuses and other enticements designed to turn the heads of graduates. It is common for these 20- and 21-year-olds to receive several offers of first jobs paying \$40,000 a year, with an extra \$3,000 to \$4,000 just for joining the firm.

(www.msnbc.msn.com)

New Zealand faces accountants' shortage

New Zealand is experiencing a shortage of accountants. Recruitment firm Robert Half International even says there is panic among firms desperately seeking accountants. Senior consultant Kim Smith says accountants know they are hot property. Every job candidate she has seen in the last six months has had at least one other offer on the table, and usually has between two and four to choose from. Ms Smith says the shortage is global, but hits New Zealand particularly hard because so many young people head overseas for experience.

(www.NZCity.co.nz)

Complexities eroding voluntary compliance with Tax Laws in US

Complexities are eroding voluntary compliance with US tax laws, the AICPA has told the House Small Business Committee. "By and large, small businesses obey the law, but it's only human to inadvertently disobey a law if you do not or cannot understand the rules," said Ronald B. Hegt, CPA a member of the AICPA Tax Executive Committee.

"The lack of deliberation in the legislative process, the frequent law changes in recent years, and the increasing magnitude and complexity of the Internal Revenue Code create serious compliance issues for small businesses," he said. Hegt said a good tax system needs to be understandable to taxpayers and to those who administer it. He went on to identify areas of the tax law that pose particular difficulties for small business owners that need clarification.

(www.aicpa.org)

CAs a worried lot in UK

Britain's financial sector is increasingly gloomy about consumer spending and the world economy, according to a survey suggesting that Chartered Accountants are at their most pessimistic for nearly two years.

Business confidence, as measured by the Institute of Chartered Accountants in England and Wales, has fallen to plus 1.7 on its index of sentiment, down from plus 6.2 three months ago and the worst reading since the survey began in 2003. Eric Anstee, the body's chief executive, said that poor high street

sales and the weak housing market had reduced confidence in the financial sector, which was also worried by the weakening global outlook for economic growth and the risk of oil shocks.

(<http://business.timesonline.co.uk>)

Government strengthening audit norms

The government is tightening the noose on companies and tax evaders to improve its revenue collections. The revenue department is working on strengthening the audit norms for large companies in case of both direct and indirect tax. As a first step, the audit is proposed to be extended to importers and service sector companies with a turnover of over Rs 1 crore. So far, audit has been confined to Central excise and there are nearly 10,000 service sector companies with a turnover of Rs 1 crore a year or more.

In addition, the government is considering the introduction of risk management assessment system for large companies in the private sector, which included oil companies or services like brokerage. The revenue department is preparing a software to enable online selection of companies for scrutiny in case of corporate tax. Officials said that the Directorate of Income Tax (Systems) was working on a software that would recognise certain financial or accounting ratios. Officials said that the department was also considering introducing an audit manual for Customs. There is already a manual for Central Excise. The audit manual for services would also be expanded as it presently covers only around 16 services.

(www.businessstandard.com)