

NEWS SCAN

IFAC to Improve Financial Reporting, Assist SMEs

The Board of the International Federation of Accountants (IFAC) has agreed to initiate a global study on how to enhance the quality of the financial reporting supply chain. It has approved a guidance document on Environmental Management Accounting (EMA), developed jointly with the United Nations, and expressed its full support for moving ahead on initiatives to support developing nations and convergence to international standards.

EMA: Recognising that environmental issues are of increasing concern to countries and that there is no conventional accounting practice to assist in the management of environmental issues, the IFAC, together with the Division of Sustainable Development of United Nations Department of Economic and Social Affairs, and the UK Environment Agency, has developed a new International Guidance Document on Environmental Accounting. The document EMA, defines its uses and benefits, and includes examples of EMA applications for internal management and external reporting initiatives.

New Guidance for SMEs: The Board has directed the Small and Medium Permanent Task Force to move ahead on development of guidance materials on International Standards of Auditing (ISAs) for use in SME audit engagements.

IAASB Releases New Guidance

The International Auditing and Assurance Standards Board (IAASB) of the IFAC has released a new International Standard on Review Engagements (ISRE) to assist auditors in carrying out their professional responsibilities when reviewing the interim financial information of an audit client. The ISRE 2410, "*Review of Interim Financial Information Performed by Independent Auditor of the Entity*", outlines the general principles of a review of interim financial information, provides guidance on the inquiries, analytical and other review procedures to be performed by the auditor, and prescribes the content of the review report. In addition, an appendix to the standard includes examples of an engagement letter, management representation letter, analytical procedures the auditor may consider when performing the review, and illustrative review reports. The standard is effective for periods beginning on or after December 15, 2006. Earlier adoption is permissible. The standard may be downloaded for free from the IFAC website at <http://www.ifac.org/Store>.

IAASB Seeks Comments on EDs on Auditor Reporting

To enhance the consistency and quality of auditor reports, the IAASB is proposing new guidance:

- Proposed International Standard on Auditing (ISA) 701, *The Independent Auditor's Report on Other Historical Financial Information*; and
- Proposed ISA 800, *The Independent Auditor's Report on Summary Audited Financial Statements*.

In developing the new standards, the IAASB considered regulatory and standard-setting developments around the world, the interests of small entities, and the changes necessary as a result of the recently revised ISA 700, *The Independent Auditor's Report on a Complete Set of General Purpose Financial Statements*.

Comments on the Exposure Drafts can be sent by October 31, 2005. The exposure drafts may be viewed at www.ifac.org/EDs. Comments may be submitted by e-mail to EDComments@ifac.org. All comments will be considered a matter of public record and will ultimately be posted on IFAC's website.

NEWS SCAN

IRDA Revises Norms for Auditors

Insurance Regulatory and Development Authority (IRDA) has allowed non-life insurers to pick their own auditors instead of relying on its pool of auditors, beginning April next year. In a circular, IRDA said, due to various constraints, it would not keep a panel of auditors and instead prescribe the requirements to be satisfied by the Chartered Accountant firms for appointment of statutory auditors. Under the revised guidelines, the regulator has spelt out certain criteria for the appointment of Chartered Accounts to general insurers.

(expressindia.com)

China to Promote Accounting Standard

China will promote international convergence of its accounting and auditing standard to help the country to be more competitive in the global market and the society more trustworthy, a senior Chinese official has said.

Wang Jun, Assistant Minister of Finance of China has said that China is to "improve the Chinese systems of accounting and auditing standards and accelerate their convergence with international standards in line with China's market and overall trend of economic globalisation". China will draw up its own standards and find its own solutions according to the real Chinese situation in areas where international standard fail to fit, Wang said.

The economic rise has rendered enormous demand for the development of the Accountancy profession, Wang said after his speech at the 125th Anniversary Conference of The Institute of Chartered Accountants in England & Wales in London recently. He said that China's economic growth in the past 26 years has boosted the reform and progress of the Accountancy profession in the country.

China has published 48 standards covering technical standards, professional ethics, quality control, etc since 1995. A total of 27 member firms, seven liaison firms and 20 representative offices of international accounting firms have been opened up in China.

(www.chinaview.cn)

UK Accountants Warn of Rising Cost of Anti-Money Laundering Law

The Corporation of London in cooperation with the Institute of Chartered Accountants in England and Wales, has released a report on the high costs of complying with financial services regulation in U.K. The report indicates that high costs and heavy regulation in the U.K. may encourage businesses to locate abroad.

(mondaq.com)

'Accountant Of Future Is Female And Asian'

The accountant of the future is female, ambitious and Asian. Women from the Far East are poised to outnumber men in accountancy in the coming decades. "There is a gender wave coming through," says Allen Blewitt, Chief Executive of the Association of Chartered Certified Accountants (ACCA), the world's largest accountancy organisation outside China. "If you look in the Far East and the developing world, the vast majority of entrants to the profession are female. In 10 years' time, in most countries, the profession will be dominated numerically by women."

Some 38 per cent of ACCA's members — and 50 per cent of students — are female. ACCA has more than 105,000 members and 240,000 students in more than 170 countries. It recruited 68,000 students last year alone, a quarter of them in China, Malaysia and Singapore.

(timesonline.co.uk)