

SMPs Remain Cautiously Optimistic, Says IFAC Survey

Small and midsize accounting practices, along with their small and midsize business clients, are worried about economic instability and the impact of regulations, according to a new survey. The poll, by the International Federation of Accountants' Small and Medium Practice Committee, revealed that accountants at such practices are concerned about attracting and retaining clients, pressure to lower fees, and rising costs. The survey respondents also indicated that their clients are feeling challenged by regulations in addition to similar concerns about the economy. The latest IFAC SMP Quick Poll, conducted late last year, indicated that the smallest accounting practices and their clients are not immune to macroeconomic instability. The year-end poll received 3,767 responses and was conducted in 17 languages between 21st November to 31st December, 2012.

With the continuing sovereign debt crisis, a double-dip recession in the Eurozone, and rising inflation in some regions, economic uncertainty pervaded many of the responses to the poll of small- and medium-sized accounting practitioners. Despite these concerns, SMPs remain cautiously optimistic, showing their resilience and perseverance during challenging times. After keeping up with new regulations and standards, three issues related to the health of the economy—attracting and retaining clients, pressure to lower fees, and rising costs—topped the list of challenges faced by SMPs. Similarly, respondents indicated that their clients, small- and medium-sized entities, are most challenged by regulations followed by economic uncertainty. The survey respondents generally anticipate little change in business performance in the coming year; however, slightly more SMPs (5 points more) indicated they expect business to improve in the coming year compared to those who said the same at the end of 2011. They expect this growth primarily to be driven by revenue from new clients.

While respondents identified the reputation and credibility of the profession as a top issue facing the profession in 2013, they generally ranked public perception of the profession in their country/ jurisdiction as average to above average and expect this perception to improve by 2025. For the full report, visit the SMP Committee area of the IFAC site, www.ifac.org/SMP.

(Source: www.ifac.org)

IAESB Releases Revised IES 1, Entry Requirements to Professional Accounting Education Programs

The International Accounting Education Standards Board (IAESB) has released the revised International Education Standard (IES) 1, *Entry Requirements to Professional Accounting Education Programs*. IES 1 is effective from 1st July, 2014. IES 1 is intended to protect the public interest by both establishing fair and proportionate entry requirements—which help those individuals considering professional accounting education make appropriate career decisions—and ensuring that requirements for entry to professional accounting education are not misrepresented. Originally approved in 2004, IES 1 prescribes the principles to be used when setting and communicating educational requirements for entry to professional accounting education programs. The IAESB has undertaken a project to redraft all eight of its IESs in accordance with the clarity drafting conventions outlined in its 2010-2013 Strategy and Work Plan. The current timetable envisages that all IESs will have been revised and redrafted, or redrafted only, by the fourth quarter of 2013.

(Source: www.ifac.org)

Third Edition of Practice Management Guide Now Available

The third edition of IFAC *Guide to Practice Management for Small-and Medium-Sized Practices* (PM Guide) is now available. The comprehensive guide covers a broad range of topics to help practitioners effectively market, manage, and grow their accounting practices. The new edition of the guide features improvements in content and functionality, including new and updated material on value pricing, knowledge networks, social media marketing, building a business advisory practice, and cloud computing. The tables of contents of each of the eight standalone modules are now cross-linked to improve navigation, and the lists of further readings at the end of each module have been updated.

(Source: www.ifac.org)

Business Reporting Processes Guidance

The IFAC Professional Accountants in Business (PAIB) Committee has developed new International Good Practice Guidance to help professional accountants in business work with their organisations

to enhance business reporting processes. *Principles for Effective Business Reporting Processes* discusses 11 key principles for evaluating and improving business reporting processes, which are complemented by practical guidance outlining the critical arrangements that need to be in place for effective business reporting. The guidance is designed for organisations of all sizes, structures, and sectors, as all organisations need to produce high-quality reports.

(Source: www.ifac.org)

FASB Revises Proposed Changes in Financial Instruments Accounting Standards

The Financial Accounting Standards Board has issued a revised set of proposals for the financial instruments accounting standards it has been working to converge with International Financial Reporting Standards. FASB issued the latest proposals for the financial instruments standards and asked for public comment on them. The latest standards include a proposal to improve financial reporting by providing a comprehensive measurement framework for classifying and measuring financial instruments. FASB developed its proposed accounting standards update, 'Financial Instruments—Overall (Subtopic 825-10): *Recognition and Measurement of Financial Assets and Financial Liabilities*,' as part of a broader joint project with the International Accounting Standards Board to improve and converge accounting for financial instruments under U.S. GAAP with IFRS.

(Source: www.accountingtoday.com)

Accountants Gaining in Confidence in US

The profession's confidence in the U.S. economy is growing somewhat, according to the February edition of *Accounting Today's* monthly Accountants

Confidence Index. Both the 3-Month and 6-Month ACI readings for February rose slightly, inching into expansionary territory for the first time in several months. The 3-Month ACI came in at 50.01, up from 48.68 and just barely above the 50 mark that indicates the dividing line between expectations of growth and expectations of contraction.

(Source: www.accountingtoday.com)

Study Looks at How Clients Select an Accounting Firm

A new study examines how buyers and clients select a professional services firm, including accounting and financial services firms. "Accounting and financial services firms are going through some major transitions and upheavals," said the study, from Hinge Research Institute. "From the rapid pace of baby boomer partners' retirement to massive regulatory reforms and the emergence of online marketing as a major source of new business, change seems to be everywhere." The study polled buyers and sellers of accounting and financial services, as well as other types of services, such as technology, legal, management consulting, and architecture, engineering and construction services. For accounting and finance services, when asked about the best way to reach a buyer, 37% of buyers and 33% of sellers recommended developing a personal relationship, 21% of buyers and 10% of sellers recommended education, and 11% of buyers and 19% of sellers recommended developing a reputation for producing results. Eleven percent of buyers and 17% of sellers favored referrals and recommendations. Other tactics, such as personal visits, networking at events, email, social media and online marketing, and advertising and sponsorships were less favored by the respondents.

(Source: www.accountingtoday.com)

