



July 2012

# A&A Update

## The Technical Standards Update of Crowe Horwath International

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### From the Standards Setters

#### **Accounting not an exact science**

IASB chairman Hans Hoogervorst warned that accounting should not raise unreasonable expectations as it is not an exact science.

In a recent speech, Hoogervorst called for the world to remember, when putting pressure on the accounting profession in the wake of the financial crisis, that accounting uses human judgment and decisions.

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### From the Regulators

#### **Crowe Horwath International Audit Manual Gets Best Grade from AICPA Peer Review**

The peer review of the 2012 edition of the Crowe Horwath International Audit Manual is completed; the highest possible grade was received from the peer reviewer. A copy of the peer review report is available on ShareFile in the Audit Manual folder. The report is a matter of public record and may be provided to regulators upon request.

#### **SEC turns up heat on China's Big Four**

The SEC has requested Chinese Big Four firms hand over documents related to the audits of Chinese companies listed in the US, according to the news agency *Reuters*. The move is likely to intensify tensions between US and Chinese regulators who have been at a standoff over Chinese audit work.

In May, the SEC sought legal enforcement for Deloitte's Chinese arm to hand over audit work papers and accused the firm of violating the Sarbanes-Oxley Act and the Securities Exchange Act of 1934. Chinese law prohibits Chinese audit firms to hand over documentation to foreign authorities, which placed Deloitte (and potentially other firms) in a precarious position.

If a solution is not found, it is conceivable US authorities could bar Chinese firms from auditing US-listed companies, which is likely to lead to Chinese companies de-listing from US stock exchanges.

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## Headlines from around the world

### UK listed companies to report carbon emissions

UK Deputy Prime Minister Nick Clegg has said more than 1,800 companies will be required to report greenhouse gas emission levels beginning April 2013. The main surprise is that it is not just all large companies that will have to comply with the new regulation, but all listed companies regardless of size.

### African accounting federation votes to adopt IFRS

The Pan African Federation of Accountants passed a resolution in June adopting IFRS for small and medium-sized entities.

### Hong Kong auditors battle against criminal liability law

Auditors in Hong Kong are mounting an increasingly vocal campaign against a proposed new law that would make them face criminal sanctions for shoddy audit work. The city's lawmakers are in the final stages of considering the new Companies Bill, which includes a clause that would make auditors criminally liable if they knowingly or recklessly omit a required statement from an audit report.

[Click here for the full story.](#)

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## Useful Links

- International Accounting Standards Board (IASB) [www.iasb.org](http://www.iasb.org)
- IASB Exposure Drafts open for comment [www.iasb.org/Open+to+Comment/International+Accounting+Standards+Board+-+Open+to+Comment.htm](http://www.iasb.org/Open+to+Comment/International+Accounting+Standards+Board+-+Open+to+Comment.htm)
- International Auditing and Assurance Standards Board (IAASB) [www.ifac.org/iaasb](http://www.ifac.org/iaasb)
- International Federation of Accountants (IFAC) [www.ifac.org](http://www.ifac.org)
- IFRS Interpretations Committee (IFRIC) [www.iasb.org/Updates/IFRIC+Updates/IFRIC+Updates.htm](http://www.iasb.org/Updates/IFRIC+Updates/IFRIC+Updates.htm)
- Financial Accounting Standards Board (FASB) [www.fasb.org](http://www.fasb.org)
- Public Company Accounting Oversight Board (PCAOB) [www.pcaob.org](http://www.pcaob.org)
- American Institute of CPAs Auditing Standards Board (AICPA ASB) [www.aicpa.org/InterestAreas/AccountingAndAuditing/Pages/AccountingandAuditing.aspx](http://www.aicpa.org/InterestAreas/AccountingAndAuditing/Pages/AccountingandAuditing.aspx)
- United States Securities and Exchange Commission (SEC) [www.sec.gov](http://www.sec.gov)
- European Commission (EC) [ec.europa.eu/internal\\_market/index\\_en.htm](http://ec.europa.eu/internal_market/index_en.htm)
- Forum of Firms (FoF) [www.ifac.org/Forum\\_of\\_Firms](http://www.ifac.org/Forum_of_Firms)
- Transnational Auditors Committee (TAC) [www.ifac.org/TransnationalAuditors](http://www.ifac.org/TransnationalAuditors)
- TAC Guidance Statement No. 1, Definition of Transnational Audit - [web.ifac.org/download/TAC\\_Guidance\\_Statement\\_1.pdf](http://web.ifac.org/download/TAC_Guidance_Statement_1.pdf)
- UK Financial Reporting Council [www.frc.org.uk](http://www.frc.org.uk)

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