

## Indiana CPA Society – Case Study Case Competition 2005 Guidelines

### Objective of the Case

To challenge the students with a practical project that requires them to use their knowledge, skills, and judgment in determining the AICPA's opinion with respect to a potential change in financial accounting reporting.

### Process Guidelines:

1. Any questions or requests for information by the case study team can be sent to Heather Bunning, Student Initiatives & Public Relations Manager at [hbunning@incpas.org](mailto:hbunning@incpas.org) during the first week of the case study.
2. The case study team can contact Mike Turpin, with BKD at [mturpin@bkd.com](mailto:mturpin@bkd.com) from Sept. 19<sup>th</sup> – 21<sup>st</sup> regarding the case.
3. The written portion of the case has no minimum or maximum page restrictions, however the case should contain an executive summary (two to five pages) that outlines the case study team's thought process and findings and any exhibits that the team plans to use to support its points.
4. Some assumptions will need to be made throughout this case. Please be sure that your team documents those assumptions appropriately within the case.
5. The oral presentation of the case study team recommendation shall last 15-20 minutes with a five to ten minute question and answer session. All team members must speak during the oral presentation.
6. Teams shall consist of four individuals at the undergraduate level, but the students do not have to be accounting majors.
7. Faculty Advisors may provide guidance to teams through team meetings, review of written materials for editing prior to submitting the written case to INCPAS, and encouragement to teams throughout the process. This case study competition has been developed for the *students*, and therefore, the educator's role should be one that offers recommendation, guidance, and support only.
8. Timetable:
  - a. September 16<sup>th</sup> – Case will be e-mailed to the faculty advisor.
  - b. September 26<sup>th</sup> – Written case must be submitted electronically, no later than 10 a.m.
  - c. October 7<sup>th</sup> – Six finalists announced.
  - d. October 14<sup>th</sup> – Oral presentations will be held at the Indiana CPA Society office, with awards to follow at the Indiana Roof Ballroom downtown Indianapolis.

All correspondence during the case study competition should be done via e-mail.

**Indiana CPA Society  
Case Competition 2005**

You are Janet Stephens, a member of the American Institute of Certified Public Accountants (AICPA), and you have been serving on the AICPA Task Force for Private Company Financial Reporting. In February of 2005, the AICPA Task Force issued the Private Company Financial Reporting Task Force Report (Exhibit A). In August of 2005, the U.S. Securities and Exchange Commission's (SEC) Advisory Committee on Smaller Public Companies issued their recommendations to the SEC (Exhibit B). One interpretation of the SEC report is the SEC may begin recognizing a separate set of generally accepted accounting principles (GAAP) for smaller public companies. This would result in a GAAP for large public companies (Big GAAP) and GAAP for smaller public companies (Little GAAP).

Your job is to draft a written statement for consideration to the SEC on behalf of the AICPA. This report will be reviewed by the AICPA Board of Directors, and once approved, sent to the SEC for consideration.

**Requirements**

Using the information provided in the case, industry publications, new articles, and other relevant information, please compose the AICPA Task Force Report for the Board of Directors. Please make sure you address the following issues:

**Financial Statement Reporting:**

1. Are Big GAAP and Little GAAP valid concepts for reporting of financial information?
2. The SEC has identified in their opinion who would qualify for Little GAAP.
  - a. How does this affect private companies, and should any private companies be required to report on a Big GAAP basis? Should private companies be eligible to elect their reporting basis?
  - b. How should the various elements of Sarbanes Oxley be applied to companies that are not required to file with the SEC? Should there be any changes to what is required to comply with Sarbanes Oxley for Little GAAP?
3. How would reporting and financial statement disclosures change as a result of the application of Big GAAP and Little GAAP?
4. Who will determine which of the Financial Accounting Standards Board Standards (FASBs) will apply to companies reporting under Little GAAP?
  - a. How should the determination of which FASBs apply be made?

**Public Accounting:**

1. How will the application of Big GAAP and Little GAAP affect the public accounting industry?
  - a. What additional needs, if any, will this create within CPA firms?

**Industry:**

1. How will the application of Little GAAP improve the quality of earnings reported by companies?
2. How will the application of Big GAAP and Little GAAP going to impact the financial statements users (investors, creditors, etc.)?
3. Discuss the potential cost/benefit of applying Little GAAP for companies that qualify.

**General**

In the event of an oral presentation, be prepared to address the AICPA Board of Directors and provide support for your report statement.

**Case Format and Guidelines**

The written case has no minimum or maximum page restrictions, so long as the above requirements have all been addressed. Each case should, however, contain a two- to five-page executive summary, and any exhibits you plan to use to support your points.