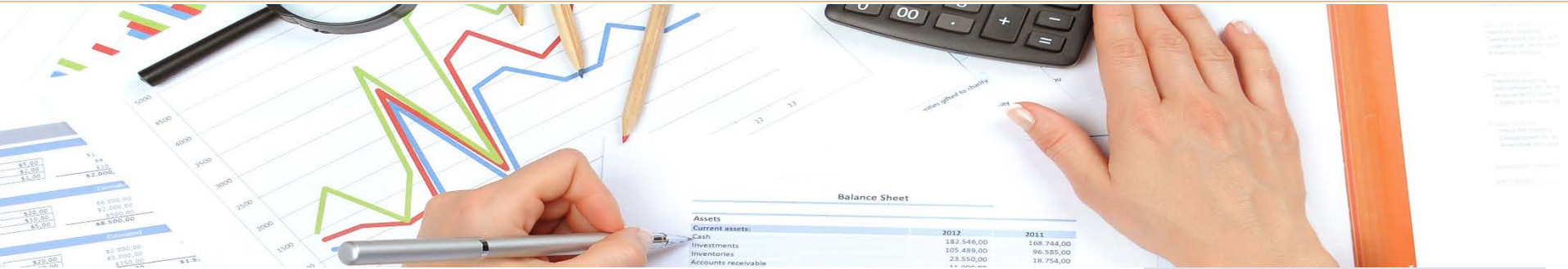


Revenue Recognition | A SEC, IFRS and US GAAP Project



Situation

Our client, a global advertising and marketing services company delivering custom marketing solutions on behalf of its clients, became the subject of an SEC inquiry into accounting issues surrounding several areas including lease accounting, revenue recognition, appropriate recording of client payments, and client credits.

Additionally, in anticipation of SOX reporting, executive management was concerned with the level of controls and reconciliations surrounding all balance sheet accounts in the consolidated financial statements.

Solution

SolomonEdwards was engaged to perform a review of revenue recognition practices, lease accounting, provisions for doubtful accounts and customer credits for a two-year period, and to perform a comprehensive review of all analyses and reconciliations supporting the balance sheet accounts for the subsidiaries located in Johannesburg, Durban, and Capetown.

The SolomonEdwards' senior manager directed up to 15 locally based chartered accountants and other professionals.

Results

- The scope of the initial project was extended for three additional quarters.
- Work resulted in corroborating evidence for financial statement restatements on a global basis.
- Inappropriate accounting practices, which contradicted established global guidelines, were brought to the attention of senior executives.
- Recommendations to improve internal control and general accounting improvements became a part of a global response to the SEC investigations.



INDUSTRY:
Marketing Services



DEPLOYMENT:
Team (Up to 15)

SERVICES:



Accounting & Finance
*Financial Reporting &
Technical Accounting*

**Governance & Regulatory
Compliance**

*Internal Audit, Risk &
Compliance Advisory*

*Internal Control Over
Financial Reporting (SOX)*