

NEWS FRONT

>BLOCK TO BUY AMEX TBS

H&R Block Inc. announced that it will buy the American Express's tax and business services (TBS) division for approximately \$220 million, and combine it with subsidiary RSM McGladrey Business Services Inc.

The combined firm will then have more than 5,000 employees and generate more than \$1 billion in annual revenue, making it the fifth-largest accounting and business-services firm in the nation, between KPMG (revenues of \$4.12 billion) and above of Grant Thornton (revenues of \$634 million).

The transaction is expected to close by Sept. 30, subject to approval from the U.S. Department of Justice.

On an unrelated note, Block also announced that it would be restating its net income for 2003 and 2004 (resulting in a net decrease of \$91 million over two years), due mostly to accounting errors.

>SHARED SERVICES DATABASE EFFORTS HALTED

Efforts to create a shared member database between the AICPA and state CPA societies have been stopped.

In a memo to society chief execs, J. Clarke Price, chairman of Shared Services LLC, said the involved parties had all underestimated the complexity of integrating Oracle's large-scale software platform with the computer membership systems of about 50 different partners.

Price, who is also the chief executive and president of the Ohio State Society of CPAs, had been running a beta site of the project, and said that problems integrating the Web sites of state societies and order entry resulted in operational inefficiencies and that further state implementations will be postponed indefinitely.

"Reaching this conclusion has been an extremely difficult one for members of the SSNI and SLLC Boards, AICPA and SLLC staff, and for me personally," Price said in the memo. The SLLC, which is jointly owned by the AICPA and the State Society Network Inc. (the nonprofit comprising societies in the 50 states, the District of

Columbia, and Puerto Rico), was formed in 2001 with the goal of allowing CPA members to access membership updates and discount offers through the AICPA Web site portal, CPA2Biz.com.

Price said that the AICPA would continue to utilize the platform advances made as part of the so-called Member Solutions Partnership. He said that a number of issues that are causing conflicts with data from individual state societies were not a concern for the larger AICPA organization, which doesn't rely on real-time data entry for certain CPE programs.

Aid will be given to states using the customer relations management or the enterprise resource planning components of the partnership platform to transition off of the software. Full refunds will be made to all states that contributed either a reservation or implementation fee deposit and did not receive any services.

"One of the benefits that came out of this project was a real collaboration between the states and the AICPA," Price says. "We found there were areas where we could work together."

>NEW YORK LOOKS TO COMPUTERIZED EXAM ALTERNATIVE

The New York State Board for Public Accountancy has agreed to align itself with a proposal for consideration of an alternative to the Computer Based Test (CBT), the exam required to earn CPA certification, confirms Daniel Dustin, the board's executive secretary.

Following a letter from the California Board urging state boards to support its request that NASBA begin contemplating "engaging new vendors and developing options to the CBT, the New York board agreed unanimously at its June meeting to support the proposal.

Dustin says the New York board was slated to discuss the issue further in the summer, and in September New York's would be one of the state boards attending a symposium on the exam in Washington, D.C., put on by the AICPA, NASBA, and Prometric, the vendor that administers the computerized CPA exam.

The CBT has sparked criticism from a number of boards of accountancy over problems at testing centers, pricing and other issues. The California letter urges NASBA to issue prior to the end of the year a Request for Information on the cost, time frames and overall feasibility of developing an alternate test.

>COMMENT PERIOD EXTENDED ON VALUATION STANDARDS

The AICPA has extended its comment period on proposed Business Valuation Standards to September 30.

The proposed standards consist of guidelines for the development of valuation conclusions and reporting on the results. The standards would apply to Institute members who perform valuation services in a variety of circumstances, including tax, M&As, litigation, and financial reporting.

The users of CPA valuation services are expected to benefit from these standards, because they encourage consistency and disclosure in valuation development and reporting.

Once the standards are final, CPAs who are AICPA members will be required to comply with them when performing a valuation engagement that reaches a conclusion of value or an indication of value. More information on the standards is at www.aicpa.org/BVFLS.

>MORE STATES MEAN STREAMLINED SALES TAX ON TRACK

Efforts to develop a simplified multi-state sales tax collection system have moved forward with the admission of 17 states as members of the Streamlined Sales and Use Tax Agreement's governing board.

The development, in which the states were admitted as full or associate members, could help put the new system into operation by later this year. Once it's operating, retailers would be able to register and begin collecting and remitting taxes on remote transactions, including those over the Internet involving e-commerce.

States that gained full membership are Indiana, Iowa, Kansas, Kentucky, Michigan,