

Glossary

The glossary clarifies a number of key terms for visitors to this website who may not be familiar with the assurance and advisory business.

Audit committee

The audit committee of the board of directors consists of non-executive, preferably independent, directors. The audit committee's job is to form an impression of the efficacy of the internal and external auditors and the way they collaborate. It also assesses the quality of the internal control system, including risk management, and should have an appreciation of the state of compliance with norms within the company.

Auditor's statement

An attestation from the external auditor confirming the annual financial statements. The attestation certifies that the annual financial statements comply with the law, the company's articles of association and the chosen financial reporting standards. There is a standard wording for the attestation, and deviations are only permitted in three cases: qualifications or restrictions, comments, or supplements.

Auditing standards (AS)

Swiss auditing standards set down the objectives, principles and procedures for audits and related services performed in connection with the annual financial statements or other financial information.

Audit Supervision Act

New Swiss federal legislation on the registration and oversight of auditors entered into force on 1 September 2007; the organisational provisions had already been enacted by the Federal Council on 1 November 2006.

Code of conduct

A set of rules governing the way a company's staff conduct themselves. The code of conduct contains guidelines on integrity and compliance.

Compliance

A company's adherence to laws and standards in its business activities. The board of directors must take steps to ensure compliance.

Corporate governance

The way a company is managed and overseen. Economiesuisse defines corporate governance as "the full range of principles directed towards shareholders' interest seeking a good balance between direction and control and transparency at the top company level while maintaining decision-making capacity and efficiency". The aim of good corporate governance is to avoid conflicts of interest between stakeholders, minimise business risks and enhance the company's reputation.

Due diligence

Due diligence is conducted in the course of corporate takeovers to gather relevant information on the candidate business. Alongside business-related aspects, due diligence should also take account of legal, tax and cultural factors.

Federal Audit Oversight Authority

An authority stipulated in the new Swiss Audit Supervision Act. Commencing work in autumn 2007, the authority has a dual function: it is responsible for both the authorisation and oversight of auditors and auditing firms.

FIN48

FASB Interpretation No. 48. An interpretation issued by the US Financial Accounting Standards Board clarifying the accounting for uncertainty in income taxes recognised in an entity's financial statements. The rules apply to companies who report under US GAAP, and must be applied for the 2007 financial year.

Full (or ordinary) audit

An external audit that is compulsory for listed and other economically significant companies in Switzerland. The auditors verify whether the financial statements (and the consolidated financial statements, if applicable) meet the requirements of the law, the chosen reporting standards, and the entity's articles of association. Starting in 2008, auditors will have to confirm the existence of an internal control system as part of the full audit.

IFRS

International Financial Reporting Standards, principles-based financial reporting standards issued by the London-based International Accounting Standards Board (IASB). Since 2005, IFRS have been compulsory for all exchange-listed companies in the EU, and in principle for companies traded on the main board of SWX Swiss Exchange.

Internal control system

A component of the corporate management process that assures the proper functioning of internal processes and systems. New Swiss auditing legislation requires the auditor to confirm the existence of an internal control system.

ISQC1

International Standard on Quality Control 1; a standard issued by the International Federation of Accountants (IFAC) on 15 June 2005, regulating the quality control system within auditing firms.

Lead advisor

The advisory company that takes the lead during a corporate transaction. The lead advisor manages the whole process, relieving the burden on management, coordinating work with all the parties involved, ensuring a smooth flow of information and – depending on the transaction – lending support in the search for buyers, sellers and investors.

Limited audit

Standards contained in the new Swiss audit law which allow a less complex review of the financial statements to take account of the situation of SMEs.

Multidisciplinarity/multicompetency

A component of PwC's strategy whereby each of the three lines of service – Assurance, Tax & Legal and Advisory – can draw on the specialist knowledge of the others.

Public Company Accounting Oversight Board

(PCAOB) An independent supervisory authority for the auditing and accounting industry, introduced in the United States within the framework of the Sarbanes-Oxley Act to monitor compliance with quality requirements and independence rules that apply to auditors and accountants. The draft EU Eighth Directive and new draft Swiss audit law also provide for such an authority.

PwC Experience

A PwC programme combining PwC Client Experience and PwC People Experience that is designed to optimise behaviour in relationships with clients and among the people who work for the organisation.

Sarbanes-Oxley Act

US legislation enacted in 2002 containing stringent and far-reaching regulations on corporate management, reporting and audits. The law is designed to substantially improve the quality and transparency of financial reporting, strengthen the independence of the auditor, and ensure a more thoroughgoing audit. Section 404 of the act stipulates a rigid audit of the Internal control system.

Shareholder

A person who holds an equity interest in a business and thus participates in its economic success.

Stakeholder

Person or group of people affected by the activities of a company. Stakeholders include customers and the general public as well as the company's shareholders and staff.

Swiss GAAP FER

A checklist for the items to be disclosed in the financial statements of groups and individual companies under Swiss Generally Accepted Accounting Principles (Swiss GAP FER). The list is designed to make it easier for users to check whether the disclosure requirements have been met in full.

US GAAP

Generally Accepted Accounting Principles, rule-based financial reporting standards binding on all companies listed on a US exchange. US GAAP is the responsibility of the Financial Accounting Standards Board (FASB).

ValueReporting™ Framework

A PwC framework for value-oriented corporate reporting. This goes beyond traditional reporting and contains non-financial and forward-looking information to provide investors and other stakeholders with a more comprehensive insight into the business.

List of abbreviations

AC	Audit committee
ADV	Advisory at PwC
AHV (in French AVS)	Swiss old age and survivors' insurance (state pension and social security scheme)
ARR/FER	Swiss Accounting and Reporting Recommendations
AS	Auditing standards
ASR	Assurance at PwC
BoD	Board of directors
BRIC	Emerging markets Brazil, Russia, India and China
CEO	Chief executive officer
CISA	Collective Investment Schemes Act
CFO	Chief financial officer
CO (in German OR)	Swiss Code of Obligations
CRO	Chief risk officer
ERM	Enterprise risk management
FIN48	FASB Interpretation No. 48
FTA (in German ESTV)	Swiss Federal Tax Administration
GAAP	Generally Accepted Accounting Principles
GIPS	Global Investment Performance Standards
GM	General meeting
GzA	Swiss auditing principles (Grundsätze zur Abschlussprüfung)
HQ	Headquarters
HR	Human resources
IAASB	International Auditing and Assurance Standards Board
IA	Internal audit
IAS	International Accounting Standards
IASB	International Accounting Standards Board
ICS	Internal control system
IFAC	International Federation of Accountants
IFRS	International Financial Reporting Standards
IMF	International Monetary Fund
IPO	Initial public offering
IR	Investor relations
ISA	International Standards on Auditing
ISQC1	International Standard on Quality Control 1
IT	Information technology
KWP	Accounting and Auditing Practices Committee of the Swiss Institute of Certified Accountants and Tax Consultants

M&A	Mergers and acquisitions
MA (in German FusG)	Swiss Mergers Act
MLA (in German GwG)	Swiss Money Laundering Act
OECD	Organisation for Economic Co-operation and Development
PwC	PricewaterhouseCoopers
RAG	Swiss Audit Supervision Act (Audit Law)
RM	Risk management
SEC	US Securities and Exchange Commission
SEF	Swiss Economic Forum
SFBC (or FBC)	Swiss Federal Banking Commission
SME(s)	Small and medium-sized enterprise(s)
SOPS	Scope of permitted services
SOX	Sarbanes-Oxley Act
SWX	SWX Swiss Exchange
TLS	Tax & Legal Services at PwC
VAT	Value-added tax
VR	ValueReporting™
WTO	World Trade Organization