

# Reduction of Administrative burden or Potemkin Village?

Vladimir Kralicek

The Chamber of Auditors of the Czech  
Republic

Using external information resources

[www.google.com](http://www.google.com)

[www.wikipedia.org](http://www.wikipedia.org)

For understanding basic terms used in very  
complex discussion

## Potemkin village

„Potemkin villages were, purportedly, fake settlements erected at the direction of Russian minister G.A.Potemkin to fool Catherine II during her visit to Crimea in 1787.“

## Burden

„Burden is located at  $37^{\circ}18'51''$  N  
 $96^{\circ}45'19''$  W

As the census of 2000, there were 564 people,  
210 households and 158 families residing in  
the city“

(Sorry, this Burden is city in Kansas, US)

## Burden

„A burden is a heavy weight that is difficult to carry. Metaphorically it refers to anything difficult or troubling.“

Administrative (derived from administration)

„The word „administration“ is from Middle English *administracioun*, deriving from the French *administration*, which is itself derived from the Latin *administratio*: a compounding of *ad* („to“) and *ministratio* („to give service“)

Commisioner Charlie McCreevy:

„If we want to enable European business to compete today´s global market, we need to cut red tape.....“

## Red tape

„Red tape (or sometimes paperwork) is a derisive term for excessive regulation or rigid conformity to formal rules that is considered redundant or bureaucratic and hinders or prevents action or decision-making. It is usually applied to other organizations like corporations.“



# Accounting regulation in the Czech Republic

Single – entry bookkeeping

(for tax purposes only)

up to 15 000 thousands CZK (500 th EUR)

All other businesses are considered as  
accounting entities and are obliged to prepare  
financial statements based on double entry,  
accrual accounting (CAS, IFRS)

# Requirements for statutory audit in the Czech Republic

	th CZK	th EUR
Turnover	80 000	2 666
Gross Assets	40 000	1 333
Employees		50

Some „empirical experience“ from our clients about possibility how to cut off administrative costs in area of accounting and auditing.

Tabulka xls

## Conclusion

Accounting is serving for business and for public for centuries. There is no doubt that in different forms and structure of information disclosed to stakeholders.

We have to use „bottom up“ approach , not „top down“ one.

Cut off administrative costs looks like very good idea, using „cost versus benefit“ principal is essential.

