

# IFRS: Approaching A State Of Convergence

Joseph M. Ragan (E-mail: [jragan@sju.edu](mailto:jragan@sju.edu)), Saint Joseph's University  
Andrew J. Hadley (E-mail: [ah306289@sju.edu](mailto:ah306289@sju.edu)), Saint Joseph's University  
Alexander P. Raymond (E-mail: [ar269724@sju.edu](mailto:ar269724@sju.edu)), Saint Joseph's University

## ABSTRACT

*In this paper we will discuss the underlying differences that currently exist between IFRS and US GAAP. Our paper is presented with the belief that convergence is within reach at this point, and no longer an unfeasible event. The systematic rules-based approach and the conceptual principles-based approach are important models for this paper, and we refer to them when discussing the differences and developing our beliefs. The differences that we have chosen to discuss are ones, we feel, that could lead to comparability complications once IFRS is acceptable among US firms and International firms with US subsidiaries. Areas of concern involve items regarding financial statement presentation, revenue recognition, expense recognition, assets, and liabilities. Although there are a great deal of similarities between the US GAAP and IFRS reporting requirements, the specific items presented within this paper need to be addressed before commonly accepted accounting standards are used among encompassing countries.*

## INTRODUCTION

The question does not remain; will a global set of accounting standards emerge in our lifetime? Rather, the question that exists today is; will the set of international standards that is formed be predominantly rules-based or principles-based? Europe is well known for their principles-based approach to accounting standards, where the US is very rules-based driven. With using a principles based approach, the focus is being shifted towards transparent financial statements rather than the simplistic compliance of rules-based standards. As a result of the utilization of the more liberal principles-based approach, there is much added attention towards the economic impact of an accounting transaction or event. There are certain issues that will be discussed that clearly distinguish the differences between each standard system. Although there are a great deal of similarities between the US GAAP and IFRS reporting requirements, the specific items presented within this paper need to be addressed before commonly accepted accounting standards are used among encompassing countries. Areas of concern involve items regarding financial statement presentation, revenue recognition, expense recognition, assets, and liabilities<sup>1</sup>. Table 1 displays the accounting issues, along with the existing differences, that are discussed within this paper.

## HISTORY OF CONVERGENCE

The convergence of accounting standards dates back to 1973 when the International Accounting Standards Committee (IASC) was formed. This committee was established by accountancy bodies in ten countries, which included the United States. While based in London, the main objective of IASC was to develop a set of international accounting standards (IAS). The International Organization of Securities Commission (IOSCO) was developed in 1987, and supported the IASC in their efforts to create the core set of international standards that later standards would build from. The IASC was operational until 2001. At that time, the committee was superseded by the International Accounting Standards Board (IASB)<sup>2</sup>, and the IAS statements are currently being superseded by international financial reporting standards (IFRS).

---

<sup>1</sup> PricewaterhouseCoopers. *Similarities and Differences, A Comparison of IFRS and US GAAP*.

<sup>2</sup> Hoyle, Joe B.; Thomas F. Schaefer; Timothy S. Douppnik. *Advanced Accounting*

Table 1

Accounting Issue	Treatment Differences	
	IFRS	US GAAP
Extraordinary Items	<i>IFRS</i> prohibits this reporting treatment.	<i>US GAAP</i> permits the use of reporting extraordinary items if the event is both unusual and infrequent in nature.
Format and Methodology of Cash Flow Statement	<i>IFRS</i> permits the classification of interest paid and received, dividends paid and received, and taxes between different activity sections depending upon the professional judgment that is rendered.	<i>US GAAP</i> does not permit this treatment. These items have only one section they can be reported in.
Jointly Controlled Entities	<i>IFRS</i> permits the use of both proportionate method and equity method when accounting for joint ventures.	<i>US GAAP</i> generally only allows the equity method to be used.
Research and Development Costs	<i>IFRS</i> treatment allows for the potential capitalization of the R&D costs that are incurred during the development phase of completing a product.	<i>US GAAP</i> prohibits this treatment, and require all R&D costs to be expensed in the period they are incurred.
Employee Share Compensation	<i>IFRS</i> and <i>US GAAP</i> both require the use of a fair value method for measuring and accounting for granted awards. Several application differences still exist, such as: the definition of grant date, the classification of awards between equity-based and cash based shares, and the attributed expenses for graded vesting scenarios.	
Inventory Valuation	<i>IFRS</i> requires a reversing entry for subsequent increase in the value of inventory. Also, LIFO is not permitted under <i>IFRS</i> .	<i>US GAAP</i> prohibits the use of reversing entries, and LIFO is permitted.
Revenue Recognition Methods	For software revenue recognition, <i>IFRS</i> has no specific rules in place. For sale of services revenue recognition, <i>IFRS</i> requires the use of the percentage of completion method. For contractual revenue recognition, <i>IFRS</i> requires the use of the percentage of completion method.	For software revenue recognition, <i>US GAAP</i> states that revenue for each unit of software is recognized when it is delivered. For sale of services <i>US GAAP</i> states that revenue is recognizable when services have been rendered, it is reasonable to assume that the funds will be collectable, or there is persuasive evidence that an arrangement exists and the sales price is determinable. For contractual revenue recognition, <i>US GAAP</i> is similar to <i>IFRS</i> but also allows for the completed contract method in certain circumstances.
Pension Costs	When recognizing actuarial gains/losses, <i>IFRS</i> amortizes them over the remaining working lives of the participating employees. <i>IFRS</i> allows for actuarial gains/losses to be recognized in full in the period they occur, under the SoRIE option, which is a statement of recognized income and expense. <i>IFRS</i> requires that expected returns on plan assets be based on the expectations of the market at the beginning of the period. <i>IFRS</i> does not require a minimum pension liability to be recognized. Curtailment, under <i>IFRS</i> , is considered an elimination of benefits or a reduction of benefits, and losses are not permitted to be recognized until curtailment occurs.	When recognizing actuarial gains/losses, <i>US GAAP</i> amortizes them based on the life expectancy of the plan participants if a large portion of them are no longer active in the company. <i>US GAAP</i> does not permit the use of the SoRIE option. <i>US GAAP</i> states that the expected returns on plan assets should be based on the nature of the assets along with the current market conditions. Also, <i>US GAAP</i> requires a minimum pension liability be recognized in certain circumstances. Curtailment, under <i>US GAAP</i> , must be an elimination of the accrual benefits, and losses are able to be recognized when curtailment can be reasonably expected to occur. .

In recent years, FASB has been working directly in efforts to reach convergence between US GAAP and IFRS standards. In 2002, in what has become known as the “Norwalk Agreement,” both parties agreed to strive towards making their reporting standards fully compatible as soon as it was considered practical to do so. From that point, they worked in multiple short-term projects, which often resulted in choosing one standard and eliminating the other. In a 2006 issuance, known as the Memorandum of Understanding, however, it was made clear that both sides no longer felt that this was the appropriate approach. Instead, it was decided that rather than simply eliminating differences between standards that the standards themselves must be improved<sup>3</sup>.

Since the issuance of the Memorandum of Understanding, progress has been made by both sides in working towards convergence. A major step was taken on July 6, 2006, when FASB and IASB jointly issued a document that states that the framework US GAAP is going to be reworked. The goal of FASB is that when this project is completed, one single document can take the place of the FASB’s series of Conceptual statements and the IASB’s Framework. This is an important step in the effort of convergence because a uniform framework will facilitate an environment in which uniform standards can be created based on consistent principles<sup>4</sup>.

In addition to the work being done on towards a unified framework, other programs include twice a year joint meetings, aligned agendas, and joint staffing on major projects. There are also continuing short term convergence plans, and a convergence inventory of every single difference that exists along with plans to eliminate these differences<sup>5</sup>. The SEC has played a major role in recent convergence agendas, and has laid out a road map for new standards in 2009 that will allow foreign companies to issue IFRS financial statements for US subsidiaries rather than requiring reconciliation to US GAAP. This is an enormous step towards convergence, and shows how strongly the SEC feels towards this goal.

## **THE ROAD AHEAD**

With continuing pressure from around the world, the US must reevaluate the system of accounting standards they currently operate by, the rules-based approach. Currently, in the US, judgment towards significant accounting transactions are not valued enough. More emphasis is put on following a list of potential exceptions within the standards, instead of ensuring that the underlying message of the transaction is being correctly illustrated in the financials<sup>6</sup>. Professional judgment is going to have to carry greater value among the standard-setters in the US because the principles-based approach calls for such a requirement. The mindset of professionals that currently use the US GAAP must change when the universal set of standards is officially established. The vision of the US professionals will be required to shift from following a list of criteria within a standard, to asking the questions; does this transaction make sense and does it present itself fairly to financial statement users? Professionals whom educate themselves with the treatment of IFRS and not just US GAAP will be more marketable worldwide than before. More opportunity is present right now than any time prior due to the lightning speed pace of international convergence projects in motion. US professionals will greatly benefit from learning the IFRS treatment of pertinent accounting issues.

As the Financial Accounting Standards Board (FASB) and the International Accounting Standards Board (IASB) develop and carry out projects to fully converge their standards into a universally accepted set, it will be interesting to see where both boards compromise and alter their historical mindsets. Currently, the FASB and the IASB have ongoing projects to converge some specific issues that will help develop more reliable international financial statement presentation. In May of 2007, there was a meeting held by the IASB, in conjunction with the FASB, to continue ongoing discussion and analysis of certain accounting issues regarding post-retirement benefits, and financial statement presentation. Many tentative conclusions were made at the meeting that reinforces the belief

---

<sup>3</sup> Gill, Lawrence M. “IFRS: Coming to America.” *Journal of Accountancy*.

<sup>4</sup> Benston, George J; Douglas R. Carmichael; Joel S. Demski, Bala G. Dharan; Karim Jamal; Robert Laux; Shiva Rajgopal; George Vrana. “The FASB’s Conceptual Framework for Financial Reporting: A Critical Analysis.” *Accounting Horizons*.

<sup>5</sup> Deloitte Touche Tohmatsu. “Some Key Differences Between IFRSs and US GAAP As Of August 2005.”

<sup>6</sup> Hansen, Fay. “Global Accounting Comes of Age.” *Business Finance*. March 2006.

that universal standards are approaching quickly<sup>7</sup>. The IASB seems to have a very particular agenda in establishing the standards that more than 100 countries have already adopted. Also, the IASB is giving ample opportunity to the US standard-setting bodies, FASB and the SEC, to express their concerns and areas of improvement to the already established International Accounting Statements (IAS) and the superseding International Financial Reporting Statements (IFRS). The stringent agenda by the IASB is compelling the US to move at an accelerated pace to comply with the other adopting countries around the world.

The changes made to the reporting standards of US companies and International companies with US subsidiaries are improvements that will lead to an enhanced international business framework, and will allow for activities that are currently difficult to achieve given the required reporting reconciliations and various reporting formats. The SEC has pronounced their commitment to potentially repealing the reconciliation requirement for listed companies from IFRS to US GAAP by 2009<sup>8</sup>. The removal of this requirement will allow for more investment opportunities for US companies and International companies with US subsidiaries because having one set of reliable financial statements will increase investor confidence worldwide and outlay the company's financials in such a way that users are able to perceive the financial information well. Companies will be better capable of looking abroad for the raising of capital and foreign investors through established foreign trading markets with the reconciliation requirement repealed. The risks and costs of entering foreign markets and looking for foreign investors will be reduced, and greater comparability will be achieved by all companies that are involved in international business with the simplification of the process for raising capital<sup>9</sup>. The transition, when achieved, will make the long-term strategic goals of corporate executives more profitable and easier to obtain with the added opportunities and the reduction of costs and risks associated with their goals. CFOs, in particular, will see a very concise decline in the difficulties they currently face when working with multiple standard platforms.

#### **“GAAP” BETWEEN US AND IFRS**

Even with international convergence approaching quicker than anticipated, several pivotal differences still remain between reporting standards of IFRS and US GAAP. These differences will have to be amended by one or both of the standard setting bodies in order to reach full convergence. The two most influential standard-setting bodies, IASB and FASB, will have to give and take on the differences that still exist. After reviewing *Similarities and Differences A Comparison of IFRS and US GAAP* by PricewaterhouseCoopers, along with relevant IFRS and US GAAP standards, the following list of key differences was compiled: extraordinary items, format and methodology of cash flow statement presentation, presentation of jointly controlled entities, internally generated intangible assets, employee share compensation, inventories, revenue recognition methods, and employee benefits: pension costs and defined benefit plan. While the list presented above is not a complete listing of all existing variations, each item that was chosen presents its own situation as to the potential comparability difficulties that may lie within the financial statements. These possible difficulties are outlined and discussed below.

#### **EXTRAORDINARY ITEMS**

Under US GAAP, extraordinary items are permitted, but rare in practice. They are defined as both unusual events and infrequent in nature. Extraordinary items, assuming they meet the criteria within the standard, are reported on the face of the income statement in a section below net income to avoid consistency and comparability issues due to the nature of the event. On the contrary, IFRS prohibits the use of extraordinary items within the financial statements.

Convergence on this issue, if the FASB adopts the IFRS mindset, would decrease the comparability of the companies' financial statements if they face an extraordinary event. The extraordinary gain/loss would, as a result, be tied into net income/loss and thought to have been in the course of the entity's normal operations.

---

<sup>7</sup> International Auditing Standards Board. *IASB Update*. May 2007.

<sup>8</sup> Hansen, Fay. “Convergence.” *Business Finance*. March 2007.

<sup>9</sup> Hansen, Fay. “Global Accounting Comes of Age.” *Business Finance*. March 2006.

**FORMAT AND METHODOLOGY OF CASH FLOW STATEMENT**

The current IFRS standards for classification and presentation of the statement of cash flows allows for more professional judgment than the current US GAAP standards allow for. The line items, under IFRS: Interest paid, Interest received, Dividends paid, Dividends received, and Taxes paid, can be classified into different activity sections depending upon the professional judgment rendered at the time. Under US GAAP, there is only one allowable classification for each of the listed items. This is a good example of how IFRS treatment places more value on the professional judgment of the individuals making the decisions. These minor differences could cause comparability complications between companies’ financials.

**PRESENTATION OF JOINTLY CONTROLLED ENTITIES**

Presently, the IFRS allows for either the equity method or the proportionate consolidation method to be used in presenting jointly controlled entities. In the proportionate consolidation method, each of the joint owners must either consolidate their share of the venture’s assets, liabilities, income, and expenses with like items on their financial statements, or report them as a separate line item on their financial statements. US literature, however, is very vague in its description of jointly controlled entities, and only refers to them when arrangements are made through a separate corporate entity. When joint ventures are accounted for using US GAAP, generally the equity method is the only method allowed. Jointly controlled entities are another example of a situation in which IFRS allows professionals to use their own judgment between multiple methods while US GAAP allows for only one method to be used.

**RESEARCH AND DEVELOPMENT EXPENDITURES**

This accounting issue presents itself interestingly. When following IFRS standards for accounting for research and development costs are classified between the research phase and the development phase. Under IFRS, costs associated with the research phase must be expensed, and costs associated with the development phase have the potential of being capitalized if the costs meet a list of criteria. Table 2 displays the criteria that must be met for the development costs to be capitalized.

**Table 2**

<b>IFRS Capitalization Criteria for Costs within the Development Phase</b>
•Technical Feasibility
•Intention to Complete
•Ability to Utilize and Sell
•Demonstrate Future Economic Benefit
•Display the Adequate Resources Available for Completion
•Reasonably Measure the Expenditures Associated with the Development

US GAAP makes this accounting issue very cut and dry for research and development costs, except for separate rules that apply to the development of computer software that is to later be sold. For research and development, under US GAAP, all expenses incurred must be expensed in the period that they are incurred. This treatment vividly demonstrates the commonly thought of mindset of US GAAP, the rules-based approach.

For users that follow the IFRS guidance for treating an internally generated intangible asset, a great deal of professional judgment can be displayed, from valuing the asset to demonstrating the ability for the asset to be utilized and sold. This offers entities with assets of this nature to continually develop innovative means to utilize, sell, and generate future economic benefits from the intangible asset that was created. US GAAP could benefit from adopting some of the criteria currently used under IFRS when accounting for internally generated assets. Often times, products that entities create that are currently in the research and development phases can be foreseen as providing that entity with future economic benefit directly associated with the development of the intangible asset. To appropriately match the revenue generated from the intangible, the costs associated with the development phase should be capitalized and expensed when matched against the corresponding revenue.

## **SHARE-BASED COMPENSATION**

Share-based compensation is an accounting issue that has caught the attention of the corporate world in recent years. There have been several instances in the recent past of companies incorrectly accounting for share-based compensation, and several questionable activities occurred that led to revised and more detailed standards regarding the recognition, measurement, and obligation that corporations must deal with when issuing share-based compensation.

Recognition policies are similar for accounting treatment under IFRS 2 and FAS 123R. Both standards recognize the fair value of the shares granted to employees over the useful service periods. The differences, in terms of recognition, are between the methodology and acceptable way to determine what exactly the service period entails. US GAAP allows for a combination of certain conditions that may be present depending on the terms of the awards granted, where as IFRS assumes that the granted awards are for past services unless it specifically states there is performance criteria.

Measurement of these share-based awards that are granted to employees is a complex accounting issue requiring much attention. Both, the IFRS and US GAAP methods, call for the use of the fair value method for measuring the granted awards. IFRS separates the treatment of awards between equity share-based transactions and cash share-based transactions. For equity share-based transactions, the fair value of the awards is determined by the fair value of the goods or services received, and for cash share-based transactions, the fair value is determined by the fair value of the liability incurred. This treatment may seem simplistic in nature, but complex extensive disclosures are also required for measurement treatment of share-based compensation. US GAAP follows a similar model that utilizes the fair value method and grant date correctly measure the awarded shares.

The main differences that exist between these two treatments for measurement of share-based compensation involve the application of the existing models within the standards. The application differences that currently exist between the two models are: different definitions of the grant date, different classification methods of awards between equity share-based and cash share-based, and different thoughts on allocating the expenses incurred with certain vesting situations. These differences, although they could appear minor, may have a substantial effect on the comparability of international companies' financial statements.

Both sets of standards have similar accounting treatment for tax liabilities incurred as a result of the granted share-compensation. Under IFRS, the social security tax liability incurred must be recognized during the same period, or periods, as the corresponding awards are issued. As for US GAAP treatment, the employer's tax liability incurred is recognized as an expense on the date responsible for the valuing and payment of the tax liability to the appropriate authorities. For example, the date mentioned above is typically the exercise date for granted share-based options, and the vesting date for granted restricted stock.

## **METHODS OF ACCOUNTING FOR INVENTORY**

In accounting for inventories, the methods used by IFRS and US GAAP are generally the same; however there are a few key exceptions. In both cases, inventories are recorded as the lower of market cost or net realizable value. Market cost is defined as being current replacement cost subject to an upper limit of the net realizable value, and a lower limit of net realizable value less a normal profit margin. According to IFRS, a reversing transaction is needed for a subsequent increase in the value of inventory that has been previously written down. Conversely, this is prohibited by US GAAP because a write down creates a new cost basis that is used, and therefore there is no need to revert to a previous cost basis. Another key difference between IFRS and US GAAP in dealing with inventory is determining cost. The three most common methods that may be used according to US GAAP include: the First In, First Out (FIFO) method, in which those items that are first placed in inventory are assumed to be the first items that are sold; the Last In, First Out (LIFO) method, where the last items that are placed into inventory are assumed to be the first items that are sold; and the Weighted Average Cost method, in which the cost of items sold is based on the average of the items in inventory. While IFRS standards allow both the FIFO and the Weighted Average Cost methods to be used, they feel very strongly that the LIFO method should not be used. It is believed that this method

is impractical, as no real company would sell their newest inventory before their oldest. IFRS takes a realistic approach to the LIFO method, and does not conceptually agree with this inventory valuation. LIFO can be seen as a method of smoothing income in an effort to increase cost of goods sold and decrease the company's net income, and, ultimately, their tax liability. For this reason, IFRS prohibits LIFO and believes FIFO and Weighted Average Cost methods are more reasonable in determining the value of inventory.

## **REVENUE RECOGNITION METHODS**

A common topic for debate in Accounting is the question of "How revenue should be recognized." While the IFRS standard on revenue recognition is laid out in IAS 18, the guidance for US GAAP can be found in numerous different sources. According to both IFRS and US GAAP, revenues must be measured at the fair value of the consideration received. While in many ways the standards are the same, there are several areas in which differences arise. One such area involves the recognition of revenue for the sale of services. While IFRS standards require the use of the percentage-of-completion method to account for revenue from services, US GAAP standards require that revenue is recognized when: services have been rendered, it is reasonable to assume that the funds will be collectable, or there is persuasive evidence that an arrangement exists and there is a determinable sales price. In this example, IFRS standards are very specific as to what method to use, while US GAAP allows for interpretation as to when revenue can be recognized.

Another area of revenue recognition where there are currently differences between the two standard setting bodies is in the recognition of revenue from software. According to US GAAP, revenue for each unit of software is recognized when it is delivered. For IFRS, however, no specific rules are in place. Generally, revenue is recognized in terms of a percentage of the software's completion, including development and post delivery customer support.

Quite possibly the most interesting area of difference comes in accounting for revenue from construction contracts. For starters, all guidance given by the IFRS applies to construction contracts, whereas guidance provided by US GAAP applies to the contractor as opposed to the contract. Additionally, while the percentage-of-completion method is preferred by US GAAP, it is required by IFRS. US GAAP allows for the use of the completed contract method in circumstances when a percentage-of-completion cannot be measurable. In this method, revenue is not recognized until the completion of a project. This approach is not allowed by IFRS. While IFRS provides little guidance as to how estimates should be made for percentage-of-completion, US GAAP provides very detailed information as to how estimates are to be made. As in previous examples, the handling of estimates shows how the IFRS often allows for interpretation, while US GAAP has set standards.

## **EMPLOYEE PENSION PLANS**

In dealing with employee pension plans, both US GAAP and IFRS divide the plans into defined contribution and defined benefit. Defined contributions are very similar in both frameworks, except what exactly defines a plan as a defined contribution. According to US GAAP, a plan is only a defined contribution if it contains individual participant accounts. Under IAS 19, however; a series of analysis must be completed to determine if a plan is a defined contribution or a defined benefit.

When accounting for defined benefit plans, both frameworks are based on very similar ideas, however there are a few key differences. When recognizing actuarial gains and losses, IFRS standards call for them to be amortized over the remaining working lives of the participating employees. US GAAP, however, amortizes these gains and losses based on the life expectancy of the plan participants if a large portion of them are no longer active in the company. In addition, IFRS allows for actuarial gains and losses to be recognized in full in the period that they occur, and doing so off of the income statement. If this is done, a statement of recognized income and expense (SoRIE) must be presented. The SoRIE option is not permitted by US GAAP.

Another difference deals with the returns that are expected on plan assets. According to IFRS standards, returns should be based on expectations of the market at the beginning of the period. According to US GAAP, however, returns should be based on the nature of the assets along with current market conditions. Additionally, while IFRS does not call for minimum pension liabilities to be recognized, US GAAP requires that when the accumulated benefit obligations are more than the fair value of the plan assets, an additional minimum liability must be added. This liability is increased by prepaid pension assets and decreased by accrued pension liabilities that have been previously recognized.

Curtailment is another area of difference when dealing with pension costs. According to US GAAP, curtailment is an elimination of the accrual benefits for either some or all of employees' future services. These losses are recognized when it is probable that curtailment will occur, and when the estimates are reasonably determinable. IFRS standards consider curtailment to be either, the elimination of benefits, as in US GAAP, or a reduction of benefits, which is not included in US GAAP. Whether it is a reduction or a complete elimination of benefits, IFRS standards do not allow gains or losses to be recognized until curtailment occurs.

## **CONCLUSION**

While convergence now seems within reach, this was not always the case. Although international standards have been in place to some extent since 1975, it is only in recent years that the goals of truly unified standards have become reality. With the success of the European Union's adoption of International Standards in 2005, and the determination of the SEC and FASB to promote convergence, the question now truly seems to be when, and not if, a universal standard set will exist.

The differences outlined and discussed in this paper are potential compromises that can affect the comparability of financial statements. It is reasonable to expect these differences to be resolved, whether the FASB converging with the IASB, or vice versa, in the next several years. The emerging markets worldwide will influence the US to work even closer with the IASB in convergence projects to settle these differences, and truly make the financial statements transparent among all participating countries. Although incredible progress is being made regarding convergence, much work needs to be done to resolve the differences that exist, including those highlighted within this paper.

Some would say that the FASB/IASB convergence is a threat to current accountants, while others view the situation as an opportunity to expand their skill-set and enable themselves to be better marketed worldwide. It is evident that the US corporate culture will be compelled to adapt to the more conceptual IFRS standards, while International firms may also face challenges in incorporating rules-based provisions that could arise as a result of the ongoing convergence. Professional services firms will continue striving to recruit the most talented individuals possible. As they do this, more and more emphasis will be put on the international experience and expertise the candidate has to offer the firm. As the firms takes on new international clients and retain existing clients that open operations abroad, the professional services firms will need employees that can add value to their internationally demanding clients. If current accounting professionals, both within the US and abroad, accept the realization that their skill-set will have to expand in the upcoming years, there will be tremendous opportunity around the world within emerging markets and cultures.



**REFERENCES**

1. Acher, Gerry. A Force To Be Reckoned With. *Corporate Accounting International*. January 1996: pp. 10.
2. Benston, George J; Douglas R. Carmichael; Joel S. Demski, Bala G. Dharan; Karim Jamal; Robert Laux; Shiva Rajgopal; George Vrana. The FASB's Conceptual Framework for Financial Reporting: A Critical Analysis. *Accounting Horizons*. June 2007: pp. 229-238
3. Deloitte Touche Tohmatsu. Some Key Differences Between IFRSs and US GAAP As Of August 2005. <http://www.iasplus.com/usa/ifrsus.htm>.: (5 July 2007)
4. Ding, Yuan. Thomas Jeanjean. Herve' Stolowy. Why do national GAAP differ from IAS? The role of culture. *The International Journal of Accounting*. Issue 40, 2005: pp. 325-350.
5. Dzikowski, Ramona. Let's get together. *Intheblack*. February 2006: pp.54-56.
6. Dzikowski, Ramona. A Roadmap to US IFRS Convergence. *Intheblack*. June 2007: pp. 58-59.
7. Dzikowski, Ramona. Saying Goodbye to U.S. GAAP. *Strategic Finance*. June 2007: pp. 47-55.
8. Financial Accounting Standards Board. Minutes of the October 24, 2006 FASB-IASB Joint Board Meeting. 8 November 2006.
9. Gill, Lawrence M. IFRS: Coming to America. *Journal of Accountancy*. June 2007: pp. 70-73.
10. Goldberg, Stephen. Rita Grant. Dennis Stovall. Are We Close to Global Accounting Standards. *The Journal of Corporate Accounting & Finance*. September/October 2006: pp. 35.
11. Hansen, Fay. Convergence. *Business Finance*. March 2007: pp. 17-19.
12. Hansen, Fay. Global Accounting Comes of Age. *Business Finance*. March 2006:pp.7 10.
13. Hoyle, Joe B.; Thomas F. Schaefer; Timothy S. Douppnik. *Advanced Accounting*. Seventh Edition. McGraw-Hill: 2004.
14. International Auditing Standards Board. *IASB Update*. May 2007.
15. McCallum, Jan. Call for Uniform Accounting Standards. *The Advertiser*. 30 March 1992
16. Mueller, Gerhard G.; Helen Gernon; Gary K. Meek. *Accounting: An International Perspective*. Fourth Edition. Times Mirror Higher Education Group: 1997.
17. Obstacles to a Global Accounting Deal. *Financial Times (London, England)*. 19 May 1997: pp. 2-7.
18. Pacter, Paul. Convergence of IFRS and U.S. GAAP. *The CPA Journal*. New York. March 2003: pp.67.
19. Pounder, Bruce. How Globalization Is Affecting U.S. Accountants. *Strategic Finance*. January 2007: pp-41-45.
20. PricewaterhouseCoopers. *Similarities and Differences, A Comparison of IFRS and US GAAP*. October 2006: pp.4-88.
21. Reinstein, Alan; Thmas R. Weirich; Joseph H. Goodwin. SEC Proposes International Accounting Standards. *The Journal of Corporate Accounting & Finance*. September/October 2000: pp. 33-39
22. Roshen, Sepi. The Urge to Converge. *Intheblack*. April 2006: pp.72.
23. Rouse, Robert W. The Road Toward Convergence. *The Journal of Corporate Accounting & Finance*. July/August 2006: pp.95.
24. Saudagaran, Shahrokh M. *International Accounting: A User Perspective*. Second Edition. Thomas South Western: 2004.
25. Sorensen, Susan M., Donald L. Kyle. A guide to using foreign financial statements. *Journal of Accountancy*. February 2007: pp. 38-43.
26. Sunder, Shyam. Uniform Financial Reporting Standards. *The CPA Journal*. New York: April 2007: pp.6-8.
27. Van der Meulen, Sofie. Ann Gaeremynck. Marleen Willekens. Attribute differences between U.S. GAAP and IFRS earnings: An exploratory study. *The International Journal of Accounting*. Issue 42, 2007: pp. 123-142.
28. Zarb, Beth J. The Quest for Transparency in Financial Reporting. *The CPA Journal*. New York: September 2006: pp. 30-34.

NOTES