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**International Accounting Standards: Opinions of
U.S.-Based Global Companies**

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**INTERNATIONAL ACCOUNTING STANDARDS:
OPINIONS OF U.S.-BASED GLOBAL COMPANIES**

By

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This paper was prepared for presentation at the American Accounting Association –Mid Atlantic Region, Baltimore, Maryland, April 25-27, 2002.

ABSTRACT

Do global companies headquartered in the United States believe that there is value in having a single set of international accounting standards for their financial reporting? This is the question for which an answer was sought in an inquiry-based study undertaken in late summer 2001.

The value of an international set of standards was highlighted with the acceptance of a new international structure for accounting standard setting and the establishment of the International Accounting Standards Board (IASB), which began functioning in May 2001.

A random sample of 100 of the Fortune Global 500 companies that were U. S. based was selected to participate. The chief executive officer was addressed by name and provided with a memorandum and inquiry form to forward to the person responsible for consolidated financial reporting in the company. Two subtopics were identified for inquiry. One was related to assessment of international accounting standards; the second to current global financial reporting practices. There were eight questions with a ninth question that merely stated: "Comments?"

Thirty-four responses from two mailings were received, for a response rate of approximately 35 percent (of the 98 that were assumed to have been received).

Approximately 65 percent reported either limited or extensive review of the core set of International Accounting Standards. Of these, 65 percent, a majority believed that the core set of International Accounting Standards appeared adequate in relation to some of the guidance, but appeared inadequate in other respects. None felt the core set was adequate overall. Notwithstanding the extent of their review of the core set of accounting standards, all respondents expressed an opinion of ultimate usefulness, with approximately 74 percent of them noting that U. S. GAAP requirements would persist for the foreseeable future. Information about their global reporting practices was also obtained.

The paper provides some ideas for further studies.

INTRODUCTION

Do global companies headquartered in the United States believe that there is value in having a single set of international accounting standards for their financial reporting? This is the question for which an answer was sought in an inquiry-based study undertaken in late summer of 2001.

The value of an international set of standards was highlighted with the acceptance of a new international structure for accounting standard setting and the establishment of the International Accounting Standards Board (IASB) which began functioning as of April 2001.

The introduction of a new structure, including the International Accounting Standards Board, was the culmination of a process that began in 1995 when the International Accounting Standards Committee (IASC) entered into an agreement with the International Organization of Securities Commissions (IOSCO) to complete a core set of accounting standards. Accepting this project underscored for the IASC the need for structural changes, if there was to be a fully functioning global standard setter. In May 2000, the IOSCO membership accepted the IASC standards and recommended “that IOSCO members permit incoming multinational issuers to use the IASC 2000 standards to prepare their financial statements for cross-border offerings and listings. . .” (IASB, *INSIGHT*, June 2000).

In the meantime, the United States’ Securities and Exchange Commission continues to review the international standards. U. S.-based companies continue to conform to U. S. GAAP. While some companies responded to the Proposed New Structure, only one U. S.-based business, a bank, did so. An interest in determining how U. S. global companies felt about the use of international accounting standards initiated this exploratory inquiry.

In the remaining sections of this paper are the following: 1. Design and rationale for inquiry; 2. Responses related to assessment of International Accounting Standards; 3. Responses related to current global financial reporting; 4. Summary of the respondents’ opinions; 5. Developments re corporate reporting in the global economy; and 6. Some conclusions and several questions.

DESIGN AND RATIONALE FOR INQUIRY

The inquiry was designed to communicate directly with the chief executive officer and request this executive to forward a memorandum and inquiry form to the person responsible for consolidated financial reporting in the company.

Sample Selection

A random sample of 100 of the Fortune Global 500 companies that were U. S. based was selected. The covering letter was addressed to the chief executive officer personally. Unfortunately, the inquiry form did not ask for any identifying information. However, approximately one-fourth of the respondents included their names and telephone numbers and

expressed willingness to provide additional information. Among these were six who identified their positions. Four were chief financial officers and two were heads of corporate reporting.

Rationale

The acceptance of international standards will depend on cooperation at many levels. The rationale for this exploratory inquiry was that major global companies in the United States would have an opinion about the appropriateness of a single set of global standards, especially since a new framework has been established to develop a comprehensive set of standards. Many global companies have encountered problems with the varying accounting rules in the countries in which they operate. Their accounting executives must reconcile variations in order to provide consolidated financial statements in accordance with U. S. GAAP. There is support for this rationale in discussions with recipients of the inquiry as well as comments made in the responses. However, there were respondents who had not reviewed the set of international standards completed in December 1999 and as noted earlier, except for one bank, no other U. S. business responded to the Strategic Working Party's proposal for a new structure.

Range of Questions Included

There were two subtopics identified for inquiry. One was related to assessment of international accounting standards; the second to current global financial reporting practices. There were eight questions with a ninth question that merely stated: "Comments?"

Response

There was an original mailing to 100 companies and a follow-up to all who had not voluntarily identified themselves. The two mailings resulted in 34 responses. Two additional companies wrote that they do not respond to questionnaires. The response rate was approximately 35 percent, based on a total sample of 98.

OPINIONS OF RESPONDENTS RE ASSESSMENT OF IASS

There were three questions related to assessment which were to elicit the extent of attention given to the core set of international accounting standards issued in December 1999 and the judgment of their adequacy at this point. Each question indicated several alternatives. The final alternative in each instance was: "any other comments?"

Extent of Attention to the Core Set

Respondents were asked in the first question: "Has your company reviewed the core set of International Accounting Standards that was completed in December 1999?" The responses are shown in Table 1.

Table 1
Extent of Review of International Accounting Standards

	Frequency	
	Number	Percentage
The core set has not been reviewed.	12	35.3
The core set has been reviewed to a limited extent	15	44.1
The core set has been reviewed extensively	<u>7</u>	<u>20.6</u>
Total	34	100.0

As noted, more than twice as many have reviewed the core set of international accounting standards to a limited extent than have reviewed them extensively. More than a third have not reviewed them at all.

Adequacy of the Core Set

Of the 22 who indicated that there had been a review of the core set of standards, no one indicated that the core set of International Accounting Standards (IAS) appears adequate for reporting by U. S. companies. The most common response checked, as indicated in Table 2 was “The core set of IAS appears adequate in relation to some of the guidance, but appears inadequate in other respects.” The extent of review did not influence the opinion of adequacy.

Table 2
Opinion of Adequacy of International Accounting Standards
For Reporting by U. S.–based Companies

	Frequency	
	Number	Percentage
Core set of IAS appears adequate	0	.00
Core set of IAS appears adequate in some respects; Inadequate in other respects	11	50.0
Core set of IAS appears inadequate generally	7	31.8
At this point, no overall judgment has been made	<u>4</u>	<u>18.2</u>
Total	22	100.0

Ultimate Usefulness of a Single Set of Accounting Standards

The third question offered these alternatives:

- _____ we have no opinion of ultimate usefulness at this time.
- _____ we are somewhat uncertain about the usefulness of a single set of accounting standards.
- _____ we believe that our U. S. GAAP will persist for the foreseeable future (beyond five years from now) for U. S. companies.
- _____ we believe that international accounting standards will be useful and are likely to be universally accepted within four to five years.
- _____ (Other) please describe briefly.

The response of over 73 percent of the respondents was: “We believe that our U. S. GAAP will persist for the foreseeable future (beyond five years from now) for U. S. companies.” Table 3 presents the responses.

Table 3
Opinion of Ultimate Usefulness of a Single Set of Accounting Standards

	Frequency	
	Number	Percentage
We have no opinion.	0	0.0
We are somewhat uncertain	0	0.0
We believe U. S. GAAP will persist for foreseeable future. . . (full alternative on page 3 of questionnaire)	25	73.5
We believe they [IAS] will be useful. . and are likely to be universally accepted within 4 to 5 years . . .	4	11.8
Other:	<u>5</u>	<u>14.7</u>
“it may be more practical to have separate standard setting bodies . . that converge over time.”	34	100.0
“such standards would be useful for investors.”		
“not likely to be universally accepted in the foreseeable future.”		
“we believe that international accounting standards will be useful and is an appropriate goal, but significant hurdles must be crossed before the standards are adequate and we do not see this happening with 4 to 5 years.”		
“standards must be set high and not be a compromise of high standards in order to reach consensus.” (a similar response was from a second respondent)		

Even though more than a third of the respondents indicated that they had not reviewed the core set of international accounting standards, no respondent indicated that “we have no opinion.” The opinion of ultimate usefulness did not seem to require a review by the 12 who responded that they had not reviewed the standards. Ten of the twelve were among the 25 who believed that U. S. GAAP will persist for the foreseeable future.

CURRENT GLOBAL FINANCIAL REPORTING

In order to understand the extent of international activity of the Fortune 500 Global U. S.-based companies included in the sample, five questions sought information about 1: number of countries represented their reporting units; 2. how many different bases for accounting were used in their reporting units; 3. the accounting standards used for consolidated reporting; 4. exchanges on which their companies were listed; and 5. hours of professional and support staff time that would be eliminated if there were a single set of accounting standards for reporting financial statements throughout the globe.

Number of Countries Represented in Consolidated Financial Statements

The responding companies reported as few as two countries and as many as “more than 200.” Twenty-nine of the thirty-four respondents indicated number of countries. As shown in Table 4, approximately half of the respondents reported no more than 50 countries were represented in their consolidated financial statements.

Table 4
Number of Countries Represented in Consolidated Financial Statements

	Respondents	
	Number	Percentage
No more than 10 countries	4	13.8
Between 11 and 50 countries	11	37.9
Between 51 and 100 countries	4	13.8
Between 101 and 200 countries	7	24.2
Over 200 countries	<u>3</u>	<u>10.3</u>
Total	29	100.0

Bases of Accounting Used

Respondents were given a list of political units from which they were to check the sources of accounting principles used by their reporting units.

Some respondents did not check any countries listed, but added notes. Also, a number noted that books are maintained using the local statutory reporting requirements, even though the consolidated financial statements are on a U. S. GAAP basis. The information in Table 5, therefore, cannot be interpreted reliably.

Table 5
Bases for Reporting Financial Information
N = 34

	Responses Related to Itemized List
	Percentage
Germany	64.7
United Kingdom	61.8
Australia	50.0
The Netherlands	50.0
France	44.1
Hong Kong	44.1

Among the comments that substituted for checking, are these that illustrate the range of comments:

“We keep appropriate local tax books in every country.” (in over 200 countries)

“We are in every major country.” (in 79 countries)

“All units use U.S. GAAP (in 10 countries)

“Too numerous to list. . . “ (in 150 countries)

The local statutory reporting requirements seem to be the basis for maintaining local accounting records; however, in some companies, from comments, it seems that there is a second set of accounting records maintained locally in conformity with U. S. GAAP. (*This is a tentative interpretation*)

Basis for Consolidated Financial Statements

The respondents were asked: “What accounting standards are the basis of your consolidated financial statements:

- _____ United States GAAP used by all units
- _____ Units submit their financial statements in the accounting standards of the political unit in which they are located.
- _____ Some units submit their financial statements based on International Accounting Standards
- _____ Other: Please specify:

All respondents checked the first alternative: United States GAAP used by all units. There were also a few comments: one respondent noted . . . “. . . unless immaterial difference to GAAP when using local accounting standards.” Another noted “Local converted to U.S. GAAP before trial balance.” In a review of this question, the response is somewhat uncertain. If the recipient read the entire question, possibly the intended interpretation – that units submitted their

financial data according to U. S. GAAP – can be supported. However, it is possible that some recipients read the first item only. The interpretation of this response is, therefore, not clearly determinable!

Exchanges on Which Companies Are Listed

Respondents were given a list of 10 stock exchanges, plus the alternative to add others. They were asked to check on which exchanges their companies were listed as of July 1, 2001. The responses related to the 10 identified in the question are shown in Table 6.

Table 6
Extent to which Respondents’ Companies are Listed on 10 Identified Stock Exchanges

	Percentage of Companies
	N = 34
New York Stock Exchange	100.0
Nasdaq Stock Exchange	0.0
Deutsche Boerse	14.7
London Stock Exchange	47.1
Tokyo Stock Exchange	23.5
Stock Exchange of Hong Kong	0.0
Paris Bourse	23.5
Sao Paulo Bovespa	0.0
Toronto Stock Exchange	8.8

Other stock exchanges named by 7 (20.6 percent) respondents were:

- Euronext Brussels
- Swiss Exchange
- Pacific Stock Exchange
- Chicago Stock Exchange
- Philadelphia Stock Exchange

Savings in Hours of Professional and Support Staff with One Set of Accounting Standards

The respondents were asked to provide an estimate of hours of professional time and of support staff time that could be saved if there were a single set of accounting standards for financial reporting throughout the world. Over 58 percent (20 respondents) did not provide an estimate. These respondents answered with a question mark or a comment such as “it is not possible to estimate,” or “we have not made such an estimate.” Among the 14 who provided figures, two stated “0” with one noting that “we already have a ‘single set’” – U.S. GAAP, plus statutory accounting which I assume would continue.” The remaining 12 respondents estimated from a low of 40 hours for each group – professional and support – to the elimination of 80 positions, or 166,400 hours (80 x 40 x 52). (These 80 positions were for a combination of both types of personnel.)

The suggested savings of the 12 were:

Savings for each of the two groups under 100 hours	3
Savings for each of the two groups under 5,000 hours	5
Savings of hundreds of hours for professional; thousands of hours for support staff	2
Savings of 87,000 professional hours and 23,000 support hours	1
Savings of 166,400 hours (not subdivided between two groups)	1

Since a majority of the respondents did not provide estimates, it appears that the “what if” analysis of costs had not been computed. This finding is not surprising, as only 12 percent of the respondents believed that a single set of international standards would be in use within the next four to five years.

Several commented that they believed local tax authorities would not be willing to embrace a single set of regulations, and therefore, they were not hopeful that their estimates of savings would be realized. Some comments were:

“Depends on how hard or complex the new standards are compared to U. S. GAAP and if every country accepted the new standards for statutory/tax reporting. If tax books would remain as they are, then virtually no savings would result.” (A respondent with 65 reporting units.)

“Our figure assumes local tax authorities would embrace a single set of accounting standards worldwide, which is unlikely. Many countries believe local tax authorities will still require statutory accounts despite accounting authorities embracing a single set of accounting standards worldwide; therefore, considerable time could still be spent on statutory reporting on a local basis.” (A respondent with 150 reporting units.)

“In addition, many countries, like the U. S., have another set of accounting rules that apply for local tax purposes. The largest savings could be obtained via harmonization of financial reporting basis and tax basis accounting rules.” (A respondent with 32 reporting units.)

“Would expect local statutory (tax) regulations to remain, so conceivably, every location must continue to maintain two sets of books. If this is what happens, savings would be minimal.” (A respondent with 39 reporting units.)

Other Comments by Respondents

A ninth question merely stated: “Comments?” Some of the respondents added comments. These illustrate the range of such comments:

Reduction in audit fees. “Besides saving time, our company would save money by not paying audit fees to local auditors for their opinions on local statutory reports (Again, this assumes local tax authorities won't require local statutory reports for tax purposes.)” (A respondent with approximately 150 reporting units.)

Quality concern. “We worry that the new set of standards will compromise U. S. standards, which, while complex, seem to work well. We have the best financial markets in the world. Let's make sure we keep it that way.” (A respondent with 79 reporting units.)

Acceptance by banks. “.. not mentioned in your survey is what the different banks or central groups will continue to accept for reporting.” (A respondent with 40 reporting units.)

Difficulty of task ahead. “We believe the goal of a single set of standards worldwide to be laudable, but Herculean. Hence our feeling that a timeline longer than 5 years is not unreasonable. Looking beyond that, we also wonder about the process for determining a new accounting standard.” (A respondent with 23 reporting units.)

“I have met with a staff member of IASC [now IASB] and am not optimistic of congruence in the near future.” (A respondent with 137 reporting units.)

Our current practice. As a U. S.-based company, every unit worldwide follows U. S. GAAP for reporting into headquarters for purposes of preparing our consolidated U. S. GAAP financial statements. Most units located in foreign countries also maintain a set of records to comply with the local tax and other regulatory requirements of countries in which they operate. Generally, these local requirements do *not* follow IAS.” (A respondent with more than 50 reporting units.)

The additional comments reflect the hesitation implied in answers to specific questions. At the same time, in conversations with some of the respondents, as well as comments added, there is a realization that the vision for a global set of accounting standards does make sense and over the long run is likely to be realized.

SUMMARY OF RESPONDENTS' OPINIONS

The responses of this sample of Fortune 500 Global companies that are U. S.-based do not seem surprising when viewed in relation to the general attitude that is reflected by both the U. S. Financial Accounting Standards Board and the Securities and Exchange Commission. To date, U. S. GAAP is required for all reporting units. Additionally, non-U.S. based companies must reconcile their financial statements, in relation to key items, to U. S. GAAP for listing on U. S. stock exchanges.

Overview of Assessment

In general, the responses can be summarized in straightforward fashion. Approximately 65 percent of the respondents reported either limited or extensive review of the core set of International Accounting Standards issued in December 1999. Of these 65 percent, a majority believed that the core set of International Accounting Standards appeared adequate in relation to some of the guidance, but appeared inadequate in other respects. None felt the core set was adequate overall.

Notwithstanding the extent of their review of the core set of accounting standards, all respondents expressed an opinion of ultimate usefulness, with over 73 percent of them noting that U. S. GAAP requirements would persist for the foreseeable future.

Current Global Financial Reporting

The respondents are from a wide range of companies when number of reporting units is the factor given attention. The range of reporting units was from 2 to more than 200. All reporting units appear to be conforming to U. S. GAAP for financial reporting in consolidated financial statements. At the same time, a wide range of bases of accounting are represented among all reporting units. The continuation of the need to meet reporting local tax regulations seems to be a factor in respondents' believing that a single set of accounting standards will not be sufficient in the foreseeable future.

Most of the respondents had not determined the potential savings of having a single set of standards for reporting financial statements in a global economy. This failure to undertake a "what-if" cost analysis is consistent with the opinion that U. S. GAAP will persist as the basis for consolidated financial reporting for U. S.-based global companies.

DEVELOPMENTS IN INTERNATIONAL ACCOUNTING STANDARD SETTING

There have been a number of initiatives in different parts of the world since the establishment of the new structure for international accounting standard setting. Inasmuch as the International Accounting Standards Board began functioning in April 2001, there has not been sufficient time to have any basis for predicting how successful the newly constituted Board will be. Brief discussions of some initiatives that illustrate the range of interest follow.

Implications from Comment Letters to Proposed Structure for an International Standard Setter

Comment Letters to the IASC's Strategy Working Group proposal, "Shaping IASC for the Future," indicate interest in and, to some extent, support the need for a set of international standards. Of the 84 comment letters received by the ICAS, 10 were from individual companies. Only one U. S.-based company, Chase Manhattan Corporation, submitted a comment letter. The only industry group from the U. S. was the Financial Executives Institute, although there

was one industry group, the International Association of Financial Executives Institutes, which included membership of a U. S.-based group (IASC, Comment Letters...).

While the purpose of the comments were directly related to the proposed structure, most comment letters included some reference to the need for international standards. Illustrative comments are:

“The partnership with national standard setters should have the objective of a global acceptance of IAS for financial reporting in order to establish an efficient access to cross-border listings.” (Comment letter from Novartis, Switzerland.)

“From our point of view, as a multinational company and as raisers of capital on various capital markets and preparers of financial statements, the overall objective for accounting standards are: . . . one homogenous set of rules and concepts in all financial markets, which is very important for us and our communication with the investor community and stakeholders, since we are listed in a number of markets and operate in over a hundred countries.” (Comment letter from Ericsson, Sweden.)

Of course, any comment about need cannot be directly connected to willingness to accept international standards as a substitute for national standards. Furthermore, there were clear differences related to the extent to which preparers should be involved in the standard-setting process. Inasmuch as the initial proposal was significantly changed as a result of the comment letters and further consideration, the initial comment letters relative to support for a single set of standards must be viewed in a tentative fashion.

U. S. Involvement

While it is the opinion of the respondents in the inquiry reported in this paper that U. S. GAAP will continue to be required, there has been cooperation between the U. S. and others in the global community in support of international accounting standard setting efforts. Two U. S. citizens accepted leadership responsibilities. The then SEC chairman, Arthur Levitt served as chairman of the Nominating Committee (in 2000), which was responsible for naming the original group of trustees for the new organization. Paul Volcker, formerly chairman of the U. S. Federal Reserve, serves as chairman of the Trustees of the reconstituted International Accounting Standards Committee. (The name was changed in mid 2001 to International Accounting Standards Board.)

As chairman of the Trustees, Paul Volcker appeared before the Capital Markets, Insurance and Government Sponsored Enterprises Subcommittee of the U. S. House of Representatives in Washington, D.C. to briefly discuss as he stated it: “. . . a project. . . the harmonization and convergence of international accounting standards.” Among his comments was the following:

“. . . My understanding has been that both the SEC and FASB, with reasons, have considered U. S. GAAP to be the best in the world. In effect, they have long

taken the position other countries and companies should conform if they wanted to access U. S. capital markets. . . .”

However, the Asian financial crisis, and growing concerns about the functioning of the international money, and capital markets more generally, have led to a different emphasis. They have made clear the importance, beyond the direct U. S. interest, of more rigorous reporting standards, of greater transparency, and of more effective auditing internationally. At the same time, there has been growing sentiment throughout the world that, while perhaps possessing the most developed body of standards, the U. S. did not have all the right answers (Volcker 7 June 2001).

European Developments

In early February 2001, the European Commission proposed a regulation that would “require companies listed on a regulated market, including banks and insurance companies, to prepare consolidated accounts in accordance with International Accounting Standards (IAS) . . . at the latest in 2005.” It was also stated that U. S. GAAP could not substitute for IAS. A survey by a major accounting firm of 700 listed companies in the European Union (EU) found that 79 percent of the respondents supported the recommendation (European Commission, 13 February 2001).

To implement such a regulation, there is a proposal for establishing a new EU mechanism to assess International Accounting Standards adopted by the International Accounting Standards Board in order to give such standards legal endorsement for use with the EU (European Financial Reporting Advisory Group, 26 June 2001).

In addition, the European Financial Reporting Advisory Group, which is an accounting technical committee, set up as a private-sector initiative was already organized and functioning by October 2001 (European Financial Reporting Advisory Group, 24 October 2001).

Use of International Accounting Standards

The International Accounting Standards Committee began a list of all nations that use IAS. That listing continues to be updated and is available at the IASB website. In some instances, the IASB is seeking information. In the listing as of October 14, 2001, for example, Albania is listed without information, but with the plea: Accounting principles: We need information. Can you help? There are a number of such listings in the four segments of the listing, which is alphabetical by country (IASB, Use of IAS Around the World.)

In a listing of the IASB, there are 52 countries that allow IAS financial statements for foreign listed companies. The list includes 14 that do not allow IAS (Stock Exchanges and IASB Standards).

Other Initiatives

Illustrative of leadership related to furthering the development of global standards are the following:

The Canadian Securities Administration issued a Discussion Paper seeking comment on the advantages and disadvantages of changing the rules governing financial statements (Canadian Securities Administrators).

The Australia Accounting Standards Board issued a proposed statement that includes amendments to policy statements, “International Convergence and Harmonisation Policy.” The motivation for this document comes from the AASB’s specific function: “to participate in and contribute to the development of a single set of accounting standards for world-wide use” (Australian Accounting Standards Board).

The International Association of Financial Executive Institutes (IAFEI) which has 24 member institutes representing some 28,000 financial executives has recently reviewed their first 30 years and reaffirmed one of their key aims: “to provide a basis for international cooperation among financial executives towards making financial systems and regulations more uniform, compatible and harmonious world wide” (International Association of Financial Executive Institutes).

Initiative of the International Accounting Standards Board

The new Board began deliberations on new standards, as noted by the new chairman, Sir David Tweedie:

“The IASB was formed with a clear mandate – to promote convergence on a single set of high-quality, understandable, and enforceable global accounting standards”(INSIGHT, October 2001).

SOME CONCLUSIONS AND SEVERAL QUESTIONS

The limitations of an inquiry-based survey preclude generalizations or even an in-depth understanding of the subject under study. Such inquiries, though, do provide an exploratory view and can be useful in identifying what further study would be helpful. This survey considered only U. S.- based global companies; it would be interesting to know the extent of acceptance among the other global companies in the Fortune 500 listing.

Conclusions

Notwithstanding limitations of the study, some tentative conclusions are identified:

- a. U. S.-based global companies realize the possibility of a single set of accounting standards for reporting, but they recognize the difficulties of implementation.
- b. Local statutory reporting related to taxes appears to be a continuing requirement to these companies.
- c. U. S. GAAP has been accepted and appears to mandate high quality financial reporting for the companies.

Questions

There are some questions raised that are not directly related to the topic of this exploratory inquiry that arose as the responses were studied and summarized:

- a) To what extent should global companies headquartered in a wide range of countries be consulted as the IASB enhances the existing core set of accounting standards and develops new standards? Should the exposure drafts for changes be widely distributed to capture the experience and wisdom of key executives who are reporting globally?
- b) What kind of coordination would be optimum to minimize the additional reporting required to meet local statutory tax reporting requirements and yet use a single set of financial reporting standards? (Can the political decision making related to taxes be maintained by the political unit, yet have an optimum overall single reporting strategy?)
- c) What degree of simplification can be achieved in specifying accounting standards that will at the same time provide sufficient relevant financial information for the varied users of financial statements?

Postscript: After the disclosures of accounting problems at Enron, Waste Management, Global Crossing, and other U. S. companies, a number of comments have appeared in the press that challenge the alleged superiority of U. S. GAAP. The impact of such comments on the success of the new International Accounting Standards Board is not determinable at this time.

(Covering letters and inquiry form are available from the authors.)

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