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Task 01

International accounting standards

The development of financial markets and transnational transactions and the need to facilitate investors' access to reliable, understandable, interpretable, and above all consistent and comparable helped put introduction of international accounting standards (IAS) (International Accounting Standards). (Charlotte, 2007, pp. 4-19)

International Accounting Standards Board (IASB) role is to contribute to the development and adoption of accounting principles that are relevant, balanced and internationally comparable and encourage their observation in the presentation of financial statements. It has the main objectives to:

- Formulate and publish accounting standards to be observed in the presentation of financial statements.
- Work for the improvement and harmonization of regulations concerning the production (International Accounting Standards Board, 2008)

United States accounting standards

The Financial Accounting Standards Committee of the American Accounting Association is charged with responding to requests for comment from standard setters on issues related to financial reporting. United States Generally Accepted Accounting Principles (GAAP) is the generally accepted accounting principles used by companies based in the United States or listed on Wall Street. (Charlotte, 2007, pp. 4-19) They cover a massive volume of standards, interpretations, opinions and bulletins and are made by the FASB (Directory of Financial Accounting Standards), the accounting profession AICPA and the SEC (Securities and Exchange Commission). (IFRS, 2009)

GAAP standards are equivalent to IAS (International Accounting Standards). United States GAAP are very detailed, reflecting the prevailing climate of litigation in the United States and requires an increasingly detailed regulation. United States GAAP can not deviate from the regulations of the SEC introversion. (Charlotte, 2007, pp. 4-19)

History, purpose and process of the convergence

The International accounting standards have been the result of extensive studies and efforts of different educational institutions, financial and accounting professionals worldwide to standardize the financial information presented in financial statements.

It all starts in the United States of America after the birth of the APB-Accounting Principles Board (accounting principles). The council issued the first statements that led the way to present financial information. But it was moved because it was made up of professionals working in banks, industries, public and private companies, so their participation in the development of standards was a way to benefit their organizations where they work. (IFRS, 2009)

High quality standards are oriented to the investor, whose aim is to reflect the economic substance of business operations, and present a true picture of a company's financial situation. IAS is issued by the International Accounting Standards Board (formerly International Accounting Standards Committee). To date, 41 standards have been issued, of which 34 are in force today, with 30 performances. (International Accounting Standards Board, 2008)

Then comes the FASB-Financial Accounting Standard Board (Board of Financial Accounting Standards), this committee achieve (still in use in the U.S., where it was founded) great impact on the accounting profession. It made a number of rules that transform the way you look and present information. (IFRS, 2009) Its members were forbidden to work in for-profit organizations. Along with the changes introduced by the FASB, the creation of several agencies, media and publications committee of the accounting profession: AAA-American Accounting Association (American Accounting Association), ARB-Accounting Research Bulletin (Bulletin of accounting studies, ASB-auditing Standard Board (auditing standards, AICPA-American Institute of Certified Public Accountants (American Institute of CPA5), among others. (Financial Accounting Standards Board, 2006)

Over the years, internationalising business and so were the same accounting information. That is a businessman with business in America, was doing business with a Japanese colleague. This began to affect the way people from different countries were the financial statements, it is with this emerging problem of international accounting standards, and its main objective “uniformity in the presentation of information in financial statements” regardless of the nationality of who were reading playing. (Sylwia, 2005)

It was born in 973 when the IASC-International Accounting Standards Committee (International Accounting Standards) by agreement between professional bodies from different countries: Australia, Canada, United States, Mexico, Netherlands, Japan and others. This committee is based in London, Europe and is becoming more accepted in all countries of the world.

The success of the NIC is given because the rules have been adapted to the needs of countries, without interfering in the internal rules of each. This well by the standards of the FASB responded to the activities of his country, America, so it was often difficult to apply in sub-developed countries. International accounting standards are quite unknown to be an issue for many people who, ironically, are often responsible for keeping track of all accounting records relating to companies. (Charlotte, 2007, pp. 4-19)

The economic growth that is often experienced in most countries, together with the growth of international trade, usually two of the many reasons that has prompted the preparation of reports with information from international accounting standards each company. In 1973 creates the AISC means International Accounting Standards Committee, which would be a committee of international accounting standards, and was formed by agreement of some professional bodies for different countries such as Canada, Australia, Holland, Japan, USA, Mexico, among others. (Sylwia, 2005)

The committee of international accounting standards is aware that work should continue to incorporate other countries to IAS. Because of its acceptance in the most powerful country in the world, has not received IAS as their standards of presentation of financial information, but still uses the Generally Accepted Accounting Principles or GAAP. (Cameron, 2005, pp. 6-19) This means that in many countries, using both IAS and GAAP. For the following reason, for example a country hosted the NIC, but has a large number of United States companies, so they must prepare these financial statements in accordance with GAAP and not as NIC. (Charlotte, 2007, pp. 4-19)

This situation is expected to close in coming years because, as many countries under the NIC (the European Union recently joined] and less each day will continue to use GAAP.

Emission mechanism of the International Accounting Standards

The development of each of the International Accounting Standards is as follows;

- The Council established a Steering Committee, which identifies and reviews all the emissions associated with the issue and considers the application of the "Framework of Concepts for the preparation and presentation of financial statements accounting for those emissions." Then issues a "salient point to the Council." (Financial Accounting Standards Board, 2006)
- The Board sends its comments and the Steering Committee prepared and published a "Draft Declaration of Principles", which sets out the principles underlying alternative solutions and recommendations for acceptance or rejection. Comments are asking all interested parties during the exposure period, usually four months. (Cameron, 2005, pp. 6-19)
- After reviewing the comments, a Declaration of Principles agreed to end that is sent to Council for approval and for use as the basis of IAS Public Draft proposal. This Statement is available to the public as required but not published.
- The Committee prepares the Public Draft for approval of the Council, which is achieved with the vote less than two-thirds and published. Requested comments from all interested parties for a period between one month and five months.
- The Committee reviews the comments and prepare the draft NIC for Council review. After review and approval of seventy-five percent of the Directors, the Standard is published. (Financial Accounting Standards Board, 2006)
- Periodically, the Council may decide to establish a Steering Committee to review an International Accounting Standard to take into account all developments since the rule was first adopted. (Charlotte, 2007, pp. 4-19)

IAS is a reality and a study by the 7 major auditing firms said to be applied throughout the world. Yet despite its acceptance, the road is not easy especially in Latin American countries. The legislation has not yet replication or adaptation is despite the recommendations made by the organizations, countries, securities markets and companies that already adopted them. (David, 2008, pp. 11-24)

The IAS were initially created, analyzed and examined by the IASB but who issued the left also several options for each country chose their legal interest. Accounting between countries was difficult to compare because there was no uniformity of standards. the IASC later try to implement other standards had adjusting and creating new ones and eliminating the option for that reason their efforts and dedication is now geared towards develop a conceptual framework for the preparation and presentation of financial statements covering the void of a theoretical framework, in order to give coherence and internal consistency standards. (David, 2008, pp. 11-24) It also undertakes a project to improve the quality comparability of standards and regain the respect lost by excess of alternatives. For harmonization possible we need a conceptual discussion to try to make minimum theoretical differences and seek consensus on a professional about the fundamental concepts. (Charlotte, 2007, pp. 4-19)

The IASC has to ensure that its standards are used correctly, since not only is necessary to have good standards, but they are strictly enforced. Stock markets have been the most important drivers of IAS, IOSCO are creating a filter that not only is considering whether the IAS, their acceptance, as well as to enhance the comparability of financial statements, reduce costs of multinational companies must file financial statements in accordance with different national standards and achieve mutual recognition of financial reports of multinational companies. (Keith, 2007, pp. 26-41)

The success of capital markets depends directly on the accounting and disclosure, when the latter are based on high standards of quality provides investors with security and credibility in the financial statements, and without investor confidence the markets cannot thrive.

Despite the acceptance of standards, these should be completed taking into account:

- Reconciliation: required for certain items in order to show the effect of applying a different accounting method, in contrast to the employee under IAS.

- Declaration: requiring additional information, either in the presentation of financial statements in the notes.
- Interpretation: specifying the use of an alternative proposal at a NIC, or a particular interpretation when IAS is unclear or absent.
- Suppression: as part of national or regional specific requirements, although it is only in exceptional cases. (Keith, 2007, pp. 26-41)

The conflict rules are the provisions relating to key aspects of accounting systems (presentation of financial statements, income taxes, lease accounting, business combinations, consolidated financial statements, provisions, contingent liabilities and assets, financial instruments or assets intangibles). (David, 2008, pp. 11-24)

The fact that there is a significant influence of IAS in local accounting systems does not imply that there are no differences that can be categorized as follows:

No specific rules for recognition and measurement in some areas like Lack of specific rules of disclosure. There were inconsistencies between national rules and IAS that could lead to differences for many enterprises in certain areas. These aspects may lead to differences with IAS for some companies. (Barry, 2008, pp. 1-9)

Prospects of international accounting

Definitely the international accounting focuses on 2 important aspects of development, the emergence of virtual businesses and interest of the IAS's. IAS has also expanded the trade generated by imports and exports. (Barry, 2008, pp. 1-9)

The changes evident in today's world because of the internationalization of the economy, coupled with the reporting requirements of companies in a highly competitive market in which the efficiency is a key factor of success. This should be put in mind the importance of international accounting standards are mandatory and the need for adaptation within each country is essential. (Charlotte, 2007, pp. 4-19)

Such standards are fundamental to transact in an open market in a homogeneous base parameters and solids. These standards give security to those who interact with the economic entities, in order that the information users possess evidence from a system structured set national accounting information from the international accounting standards. (Barry, 2008, pp. 1-9)

Work should concentrate on developing an approach to collect relevant international standards and their use at the national level. This is a structural model by recognizing the differences that must be assimilated into the national order of each country.

IASC members believe that the adoption of international accounting standards by the different countries and the relevant disclosure regarding compliance with them, have an important effect over the years. Improve the quality of financial statements and get an increasing degree of comparability. The credibility and therefore the usefulness of financial statements will be increased worldwide. (Keith, 2007, pp. 26-41)

The fact that different measurement bases exist within the conceptual framework. These bases create some contradictions against one of the qualitative characteristics that financial statements should have known and comparability. The freedom to make any of these databases to measure information makes when comparing the financial statements miss the uniformity in the data because different criteria were taken for proper measurement. (Charlotte, 2007, pp. 4-19)

Another important aspect is the fact that IFRS permits an entity to assess certain items of information, leading to the existence of different valuation practices. All this together with the criteria and policies of each company makes the process of comparing. (Keith, 2007, pp. 26-41)

it is essential for any company to have the current regulations that will govern the accounting system. It is essential to take all measures to be on par with international standards and adapted to national regulations. Although there are national entities presenting the information in the form of segments. There are outside the accounting information since it is too costly to implement an appropriate accounting system and user requests to the entity requesting the information at intermediate times. (Barry, 2008, pp. 1-9)

In the near future we can expect that we all speak one language for accounting and "a single standard for preparing financial statements and detailed guidance for certain transactions or accounts are more effective and efficient result. The higher cost or effort in their adoption is mainly concentrated in the year of change. (Charlotte, 2007, pp. 4-19)

The IASB issued its standards under the parameters of the framework, and in turn this framework should be supported by the general theory. According to Mauricio Gomez Villegas, CPA, Professor of Accounting Research Nobel Prize 2003 and member of the C-Five, the focus of international accounting rules should be evaluated in light of the theory of accounting and control, and concludes by stating that the approach international accounting regulation adopts a limited and highly simplified view of the role of information, to exacerbate the purpose of valuation, and ignores the capacity and accounting functions as structure and process for the consolidation of archetypes of internal and external control organizations. (Barry, 2008, pp. 1-9)

Task 02

Report

The International Accounting Standards (IAS, also known as IAS, International Accounting Standards) and reporting standards (IFRS, also known as IFRS) are standards of high quality-oriented investor, whose aim is to reflect the economic substance of business operations, and present a true picture of the company's financial situation.

If we look a little more in depth the meaning of international accounting standards, we will realize that they are related to each of the commercial and financial transactions carried out in all companies. Usually many organizations are addressing the issue of multilateral trade treaties concerning the need for global thinking. It is believed that this factor alone is related to the marketing of products and services. Taking all this into account I consider that the international accounting standards do not always have the infinite capacity to perceive the effects that has its application in the future of the company. Unfortunately without few people understand that today. Most business entities are in a closed financial community. Anyway, not only large companies who carry out their activities based on international accounting standards, small and medium businesses also need to expand their business reach.

International accounting standards are developed through a process to which all those accounting professionals, and relevant committee is composed of 142 professional accounting organizations belonging to 100 countries. Finally I want to mention that the International Accounting Standards are characterized by allowing the company to have a flow of cash and cash equivalents much more intense, something that is very helpful for the progress of the same, plus accounting standards are the tool fundamental to a company's financial planning.

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