Financial Reporting Frameworks

January 17, 2018 (revised 7/23/18)
Objectives

• Review
  – History of international accounting standards
  – IFRS
  – IFRS for SMEs
  – IPSASB
  – Financial reporting frameworks in US
  – Financial reporting frameworks in Canada
History

• 1966 - Idea of int’l accounting standards
• 1967 - Accountants International Study Group formed
• 1973 - International Accounting Standards Committee (IASC) formed
• 2001 - International Accounting Standards Board (IASB) formed
IASC

- Lasted 27 years, until restructured
- Issued 41 “International Accounting Standards”
- Standards known as IAS 1 to IAS 41
- Standards still effective, until superseded
- Standing Interpretations Committee issued interpretations known as SICs
IASB

- Adopted IAS 1 to IAS 41
- Revised numerous IASs
- Issued 17 “International Financial Reporting Standards” (IFRS)
- IFRS Interpretations Committee - formerly (IFRIC) has issued 23 interpretations
IFRS

• Worldwide adoption:
  – **Required** for all/most domestic public entities - 144 countries (87%)
  – **Permitted/required** for some domestic public entities - 13 countries (8%)
  – **Not permitted or allowed** for domestic public entities - 9 countries (5%)
  – Total 166 countries
Implementation of IFRS in the USA

• 2002 Norwalk Agreement
• 2007 SEC accepts IFRS for non-US entities
• 2008 SEC issues “roadmap” for US entities
• 2012 SEC issues report on incorporating IFRS in US reporting
• 2013 FASB selected as part of IFRS’s Accounting Standards Advisory Forum
IFRS for SMEs

• Based on IFRS
  • Modifications to reflect needs & cost-benefit considerations
• Designed for small and medium-sized entities that:
  • Do not have public accountability and
  • Publish general purpose financial statements for external users
• Not expected to be updated more often than once in 3 years
• Less complex, fewer options, and reduced disclosures
IFRS for SMEs - Adoption

• Worldwide adoption:
  – Permitted or required - 85 countries (57%)
  – Currently under consideration - 11 countries (7%)
  – Not used or under consideration - 54 countries (36%)
  – Total 150 countries
Key differences between IFRS & IFRS for SMEs

- Statement of changes in equity
- Research and development costs
- Financial instruments
- Intangible assets
- Investment property
IPSASB

- International Public Sector Accounting Standards Board
- Since 1997, IPSASB issued 38 accrual standards and a cash basis standard for countries moving to accrual basis
- In 2014 issued global conceptual framework
- Adopted by 18 national governments
Accounting Frameworks in USA

- FASB = US GAAP (includes NPOs)
- Non-GAAP
  - Financial Reporting Framework for SME (AICPA)
  - Cash basis
  - Tax basis
  - Regulatory basis
Accounting Frameworks in Canada

- 5 different accounting frameworks
  - Public entities - IFRS
  - Private enterprises
  - NPOs
  - Pension plans
  - Pre-changeover Canadian GAAP
QUESTIONS?
Thanks for your attention

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