

IFRS and U.S. GAAP: Some Key Differences Accountants Should Know

BY L. MURPHY SMITH, DBA, CPA

This article is based on a study funded by the IMA® Research Foundation.

DISCUSSIONS HAVE BEEN GOING ON FOR YEARS ABOUT WHETHER THE UNITED STATES SHOULD ADOPT IFRS INSTEAD OF GAAP OR IF THE TWO SETS OF STANDARDS SHOULD BE COMBINED IN SOME WAY. NOW THE SEC IS SAYING 2015 COULD BE THE DATE OF THE CONVERGENCE, SO WE NEED TO REEXAMINE THE DIFFERENCES IN THE TWO.

The global movement to adopt International Financial Reporting Standards (IFRS) is the paramount financial reporting issue of the 21st Century. More than 100 countries now require their publicly traded companies to use IFRS as the basis of financial reporting. In the United States, convergence of U.S. Generally Accepted Accounting Principles (GAAP) with IFRS has been ongoing for many years, formally since the Norwalk Agreement of 2002 between the Financial Accounting Standards Board (FASB) and the International Accounting Standards Board (IASB). Based on a proposed timetable the U.S. Securities & Exchange Commission (SEC) developed, acceptance of IFRS in the U.S. could come as early as 2015, so understanding the standards is critically important to management accountants, auditors, financial analysts, corporate executives, and others involved with financial reporting.

This article has two objectives: to describe some of the key differences between U.S. GAAP and IFRS and to compare actual financial statements reported under both standards. Findings indicate that there are some notable differences between the two, but they are not significant.

BACKGROUND

Professionals have widely touted advantages of a universal or global system of accounting as a benefit to investors because it would allow them to easily compare financial statements prepared in different countries. If all countries adopted IFRS, it would provide uniformity regarding how and what financial information a company discloses. Assisting their companies in implementing IFRS, if and when adopted, will be an important role for management accountants of publicly traded companies.¹

Along with advances in technology, the globalization of business has fostered interconnected worldwide capital markets. How IFRS will affect a company's accounting process is of great importance to management accountants, auditors, corporate executives, investors, lenders, financial analysts, regulators, and others connected to corporate financial reporting. Ultimately, corporate management is responsible for the quality and reliability of financial statements. The proposed replacement of U.S. GAAP with IFRS makes understanding the impact of IFRS on corporate financial reporting more essential than ever.

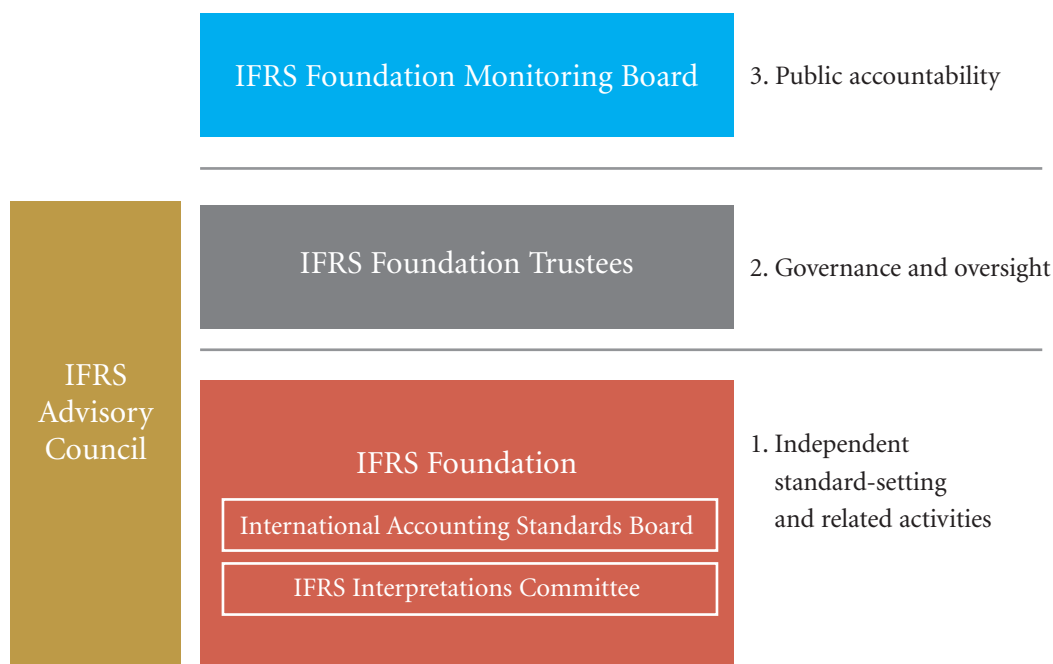
How did IFRS develop? It began in 1973 when the International Accounting Standards Committee (IASC) was formed and began issuing International Accounting Standards (IAS). In 2001, the IASB replaced the IASC and began promulgating standards in a series of pronouncements designated as IFRS. The IASB adopted the standards the IASC issued between 1973 and 2000;

these older standards continue to be designated IAS, and the nonsuperseded IAS are still a part of IFRS.

The IASB's organizational structure came from a strategy review undertaken by its predecessor body, the IASC board. The IASB's structure includes a monitoring board of capital market authorities that appoints members of the IASC Foundation, the parent body of the IASB. Composed of a geographically diverse group of trustees, the IASC Foundation oversees the IASB. Figure 1 shows the IASB organizational design.

At this time, IFRS acceptance includes more than 12,000 companies in 113 nations with the number likely to exceed 150 countries within the next few years. Accountants, auditors, corporate executives, investors, and other corporate stakeholders will need to become knowledgeable about IFRS. Correspondingly, professional associations and industry groups will need to incorporate IFRS into their educational materials, publications, testing, and certification programs. For exam-

Figure 1: Structure of the International Accounting Standards Board



International Accounting Standards Board (IASB), "How we are structured," www.ifrs.org/The-organisation/Pages/How-we-are-structured.aspx © 2012 IFRS Foundation.

ple, IMA® (Institute of Management Accountants) has provided its members with a series of webinars on IFRS in past years. To prepare future accountants, colleges and universities will need to include IFRS in their curricula.

Several factors cause differences in accounting standards among nations: political systems, sources of capital, inflation, taxation, culture, accidents of history, and business complexity. For example, political systems define who is in charge of accounting standards in a nation. Whether capital is raised in equity markets or through debt, financing affects the need for transparency and disclosure. Nations with high inflation generally need inflation-adjusted numbers in corporate financial reports; this is not necessary in the U.S. and other countries that have experienced relatively low levels of inflation historically.

Of course, the U.S. accounting standards differ from IFRS because they are tailored to the unique environment of the U.S. while IFRS is tailored to meet worldwide financial reporting requirements. Consequently, IFRS is not the ideal solution for any individual nation, but the IASB strives to make the standards the ideal solution for the overall global financial markets. If there were no global financial markets and corporate stocks were traded only within one nation, then the need for IFRS in specific countries would be less obvious. It is a global solution for a global need. To the extent possible, the IASB attempts to develop IFRS by considering the needs of individual countries such as the U.S.

Still, resistance to adopting IFRS exists and includes the following:

- ◆ Agreeing on who will create the rules,
- ◆ How different the IFRS rules will be from a nation's domestic GAAP,
- ◆ Costs of changing GAAP, and
- ◆ National sovereignty.

Moreover, many accountants in the U.S. are generally satisfied with the work of the Financial Accounting Standards Board (FASB) and are not entirely comfortable with turning over the standard-setting process to the IASB. Accountants are concerned about how different the new standards might be and the cost of changing over. Turning over the standard-setting process to a non-

U.S. organization is also a major source of contention.

IFRS is often referred to as being principles-based, while U.S. GAAP is said to be more rules-based. Estimates are that, if printed, U.S. GAAP would amount to about 25,000 pages, and IFRS would take up only about 2,000 pages. With fewer pages and less specifics, IFRS often lacks the detailed guidance in U.S. GAAP.² Regardless of differences in size, both U.S. GAAP and IFRS have the same goal—transparent and full-disclosure financial reports.

IFRS SUPPORT AND PAST RESEARCH

Key events of the past decade show support for IFRS. They include stated support of IFRS in 2000 by the International Organization of Securities Commissions (IOSCO) and the Norwalk Agreement in 2002 between the FASB and the IASB. A second agreement between the two followed in 2006. In these agreements, the FASB and the IASB formally stated their goal to converge IFRS and U.S. GAAP.

In 2005, the European Union (EU) mandated that publicly traded EU companies use IFRS for financial reporting. Then in 2007 the SEC announced that it would accept IFRS for financial reporting by non-U.S. firms trading in U.S. markets. In 2008, the SEC proposed a timeline for adoption of IFRS. In 2010, the SEC revised the timeline. Based on this new timeline, complete acceptance of IFRS in the U.S. could be as early as 2015.³ Table 1 shows the timeline.

The question is whether acceptance of IFRS for corporate financial reporting in the U.S. is inevitable—an “unstoppable juggernaut.”⁴ In only a few years, starting from 2005, IFRS went from being little used to becoming the world's dominant set of accounting standards.⁵ In the U.S., arguably the most profound event was in 2007 when the SEC revised its rules to allow non-U.S. companies to include in their SEC filings financial statements without reconciliation to U.S. GAAP if the statements were prepared in accordance with IFRS. Thus, IFRS became accepted in the U.S., if only for these select companies. This was an historic event in U.S. financial reporting because acceptance of IFRS eliminates a substantial barrier for foreign private issuers to enter and remain in U.S. markets.⁶

Beyond these events, some key U.S. corporate lead-

Table 1: Convergence of U.S. GAAP and IFRS Timeline

2008:

- SEC proposes a timeline roadmap with key steps providing for early adoption of IFRS by U.S. public companies meeting certain criteria.

2010:

- SEC issues a statement in support of convergence and global accounting standards.
- SEC revises roadmap; early adoption option eliminated.

2011:

- CPA exam questions to cover IFRS.
- SEC to reevaluate IFRS convergence timeline.

2015:

- Earliest year the SEC would allow public companies to convert their financials to IFRS.

Source: American Institute of Certified Public Accountants (AICPA), "International Financial Reporting Standards (IFRS): An AICPA Backgrounder," November 30, 2011, www.ifrs.com/pdf/IFRSUpdate_V8.pdf.

ers, including John Thain, CEO of the New York Stock Exchange (NYSE), and Paul Volcker, former Federal Reserve chairman, recommended acceptance of IFRS.⁷ Not all, though, are in agreement. In 2009, newly appointed SEC Chairman Mary Schapiro expressed reservations regarding adoption of IFRS, and she refused to be constrained by the timetable her predecessor put forward.⁸ Nevertheless, then-FASB Chairman Robert Herz indicated that the U.S. should consider adopting IFRS in the next three to five years, regardless of whether all differences between U.S. GAAP and IFRS were resolved.⁹

IFRS has also been the focus of numerous academic research studies.¹⁰ A number of them have evaluated the feasibility of convergence with IFRS, including the potential benefits of producing more accurate, timely, and complete financial information; eliminating international differences in accounting standards; and removing barriers to the global capital markets.¹¹ The studies show that obstacles to IFRS convergence include persistence of international differences under IFRS; the existence of market, legal, and political differences; and IFRS enforcement issues.¹²

An analysis of financial data from Asia-based companies, including those in China, showed that different sets of GAAP, including IFRS, affect performance of valuation models.¹³ An award-winning study examined

early evidence of the economic consequences of mandatory IFRS reporting worldwide.¹⁴ Reviews of recent IFRS-related studies have been widely reported in major accounting professional journals.¹⁵

DIFFERENCES BETWEEN IFRS AND U.S. GAAP

Although there are cosmetic and substantive differences between U.S. GAAP and IFRS, the similarities exceed the differences: Cosmetic differences are associated primarily with appearance or location of information in financial reports, while substantive ones cause differences in the value of an item or whether an item is reported at all.

Regarding cosmetic differences, International Accounting Standard (IAS) 1, "Presentation of Financial Statements," does not prescribe a particular format for presentation of financial statements. As a result, multiple formats have evolved in practice. The presentation of the balance sheet in many countries that are, or were, members of the British Commonwealth use the following format: Assets – Liabilities = Stockholders' Equity, rather than the U.S. format: Assets = Liabilities + Stockholders' Equity. In addition, balance sheet items appear from least liquid to most liquid, the reverse of the U.S. format.

U.S. GAAP and IFRS also use different words to

refer to the same financial statement item. In the following examples, the U.S. terms follow the international ones:

- ◆ Turnover—sales
- ◆ Stocks—inventory
- ◆ Share capital—common stock or paid-in capital
- ◆ Share issue premium—additional paid-in capital
- ◆ Debtors—accounts receivable
- ◆ Creditors—accounts payable
- ◆ Revenue reserves—retained earnings

The income statement, however, is a substantive difference. Under IFRS, there is no distinction between revenues/gains or expenses/losses on the income statement. Regarding the statement of changes in stockholders' equity, companies can use two different approaches: The IFRS benchmark treatment is similar to U.S. GAAP, and the alternative treatment allows for items such as capital transactions to appear in the notes.

Although requirements of IAS 7, "Statement of Cash Flows," are much the same as Statement of Financial Accounting Standards (SFAS) No. 95, "Statement of Cash Flows," in the U.S., there are differences. In the U.S., interest paid, interest received, and dividends received appear in the operating section, and dividends paid are in the financing section. Under IFRS, interest paid, interest received, and dividends received are normally accounted for as operating cash flows as well. Interest paid, however, may be accounted for as a financing cash flow, while interest and dividends received may be accounted for as investing cash flows because they are costs of obtaining financial resources or returns on investments. Noncash transactions (such as issuance of bonds for long-term assets) do not need to be disclosed on the face of the cash flow statement.

Regarding notes to the financial statements, IFRS requires disclosure of currency used in the financial statements, but it need not be the primary company's currency. For example, a company based in Australia, with operations primarily in Southeast Asia, could choose to use the euro as its reporting currency. Under U.S. GAAP, of course, reporting currency is not disclosed as the U.S. dollar is understood to be the only currency used.

The two also differ when it comes to inventory accounting. IFRS permits first-in, first-out (FIFO) and

weighted-average methods but does not allow last-in, first-out (LIFO).¹⁶ Both IFRS and U.S. GAAP require lower of cost or market (LCM). "Market," however, is defined differently, so different valuation amounts may result. Unlike U.S. GAAP, IFRS permits subsequent write-up after write-down.

Unique to IFRS, it values inventory at cost, not to exceed net realizable value (NRV). NRV is sales proceeds less additional costs to complete and to make the sale. IAS 41, "Agriculture," provides special guidance for biological assets and agricultural produce. On the other hand, U.S. GAAP values inventory at LCM, with "market" defined as replacement cost (RC), but with an upper limit (ceiling) of NRV and a lower limit (floor) of NRV minus a normal profit margin. Consequently, if replacement cost is below NRV, IFRS and U.S. GAAP will have different valuations.

The benchmark treatment under IAS 16, "Property, Plant and Equipment," is to report property, plant, and equipment (PP&E) at cost net of depreciation and potential impairments. To revalue PP&E to fair value, IAS 16 provides for an alternative treatment. Companies may use "highest and best use" to determine fair value. After a company begins to revalue PP&E, it must continue to do so "with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the balance sheet date."¹⁷ Consider the following scenario: Land that cost \$200,000 is revalued to its fair value of \$240,000 on December 31 with the following journal entry:

December 31	Land	\$40,000	
	Revaluation Surplus		\$40,000

Another difference involves investment property. Under IAS 40, "Investment Property," investment property is defined as property held for rental and/or capital appreciation. Investment property may be accounted for under the "fair value model" or the "cost model." Under the fair value model, changes to fair value are recognized on the income statement. Under the cost model (cost less accumulated depreciation), fair value must be disclosed in notes.

According to U.S. GAAP, if a company has a deferred tax asset (DTA), the company must determine whether it

Table 2: IFRS- vs. U.S. GAAP-reported Financial Statement Information of EU Firms Cross-listed on the NYSE

	Reported using IFRS (\$MM) ^a						Reported using U.S. GAAP (\$MM) ^b				
	N	Mean	Median	Std. Dev.	Min	Max	Mean	Median	Std. Dev.	Min	Max
Revenue	126	46,109	28,132	60,079	116	306,731	50,548	28,253	72,597	116	384,653
Net Income	126	4,420	3,092	7,359	-26,031	28,864	5,394	2,858	7,821	-780	31,864
Total Assets	126	200,707	48,591	385,299	511	1,860,758	188,187	49,124	320,453	342	1,406,955
Total Liabilities	126	154,351	20,793	354,151	-11,149	1,745,830	155,296	23,996	310,838	18	1,442,989
Shareholder Equity	126	43,912	15,437	124,210	44	972,466	33,926	15,438	51,039	50	287,989
EPS (basic)	122	14.68	1.93	39.70	-21.51	186.30	7.39	1.67	19.98	-36.87	92.96
EPS (diluted)	126	13.97	2.02	38.23	-21.51	184.90	7.64	1.76	20.01	-36.87	91.91

This table compares the financial statement numbers reported under International Financial Reporting Standards (IFRS) and U.S. Generally Accepted Accounting Principles (GAAP) for the same European Union (EU) firms. Each firm, which is headquartered in the EU but lists stock on the New York Stock Exchange (NYSE), is mandated by the EU to report using IFRS and mandated by the Securities & Exchange Commission (SEC) to provide reconciliation of differences between IFRS and U.S. GAAP in a Form 20-F. All values (except earnings per share values) are reported in millions (\$MM) and have been winsorized at the 1st and 99th percentiles.

^a IFRS financial statement information is hand-collected from the Form 20-F filed with SEC. In some cases, the 20-F reports IFRS financial statements in euros, British pounds sterling, etc. For the purposes of this study, all numbers have been converted to U.S. dollars using the average monthly currency conversion value for the month and year in which the 20-F was filed.

^b GAAP financial statement information is hand-collected directly from the Form 20-F, when available. Otherwise, this information is collected from Compustat.

Source: Amanda Grossman, L. Murphy Smith, and Wayne Tervo, "Measuring the Impact of International Financial Reporting Standards on Market Performance of Publicly Traded Companies," Working Paper, 2012, available at SSRN: <http://ssrn.com/abstract=2113715>.

needs a valuation allowance. A valuation is required if "more likely than not" a part or all the DTA will not be realized. The company would record DTA at gross and a corresponding allowance. IFRS records a DTA only if the company expects to realize a DTA; the DTA is reported at net, not the gross and allowance. IFRS reports DTAs and deferred tax liabilities only as long term, while U.S. GAAP would distinguish short and long term.

Under U.S. GAAP, if a parent/subsidiary relationship exists, then the company must prepare consolidated statements. Determining the relationship under IFRS, the emphasis is on the parent's ability to govern and obtain benefits from the subsidiary, while U.S. GAAP puts the emphasis on existence of a controlling financial interest. Unlike U.S. GAAP, IFRS permits stand-alone parent-company-only financial statements.

Other comparisons include long-term construction contracts (IFRS does not permit the completed contract method) and segment reporting (IFRS is more comprehensive).

EMPIRICAL ANALYSIS OF ACCOUNTING VALUES UNDER IFRS AND U.S. GAAP

Prior research has examined accounting values on financial statements of corporations headquartered in the EU that listed stock on the NYSE during 2005 and 2006. These years are unique because they fall between two important rulings: the first by the EU and the second by the U.S.¹⁸ Beginning in 2005, the EU required all EU firms to use IFRS-based financial reports. In 2007, the SEC ruled that non-U.S. firms using IFRS would no longer be required to reconcile to U.S. GAAP when reporting earnings.¹⁹ Consequently, 2005 and 2006 are unique years in which EU firms trading in U.S. markets would provide financial statements using two different standards: IFRS and GAAP. Non-U.S. firms annually report financial statements to the SEC using a Form 20-F.

Table 2 shows summary statistics for the financial information obtained for the EU firms as reported under both IFRS and U.S. GAAP. The mean net

Table 3: Test of Differences between IFRS- and U.S. GAAP-reported Financial Statement Information of EU Firms Cross-listed on the NYSE

	<i>Difference (mean)</i>		<i>Difference (median)</i>	
	<i>GAAP – IFRS</i>	<i>T-value</i>	<i>GAAP – IFRS</i>	<i>Chi-square value</i>
Revenue	4,439	1.11	121	0.01
Net Income	974	1.57	-234	0.04
Total Assets	-12,520	-0.96	533	0.08
Total Liabilities	945	0.07	3,203	0.44
Shareholder Equity	-9,986	-0.92	1	0.00
EPS (basic)	-7.29	-2.72***	-0.26	1.43
EPS (diluted)	-6.33	-2.57***	-0.26	0.61

Note: This table compares the financial statement numbers reported under International Financial Reporting Standards (IFRS) and U.S.

Generally Accepted Accounting Principles (GAAP) for the same European Union (EU) firms. Each firm, which is headquartered in the EU but lists stock on the New York Stock Exchange (NYSE), is mandated by the EU to report using IFRS and mandated by the Securities & Exchange Commission (SEC) to provide reconciliation of differences between IFRS and U.S. GAAP in a Form 20-F. All values (except earnings per share values) are reported in millions (\$MM) and have been winsorized at the 1st and 99th percentiles.

Differences are computed as [GAAP – IFRS]. Chi-square values are computed using the Kruskal-Wallis test. *, **, and *** indicate that values are significantly different from zero at the $p = 0.10$, 0.05 , and 0.01 levels, respectively.

Source: Amanda Grossman, L. Murphy Smith, and Wayne Tervo, "Measuring the Impact of International Financial Reporting Standards on Market Performance of Publicly Traded Companies," Working Paper, 2012, available at SSRN: <http://ssrn.com/abstract=2113715>.

income reported under IFRS and GAAP is \$4,420 million and \$5,394 million, respectively. Thus, net income reported under GAAP appears to be higher. The median net income value, however, is higher under IFRS (\$3,092 million under IFRS versus \$2,858 million under GAAP).

Table 3 shows results of the analysis of differences between IFRS- and GAAP-reported financial numbers. The mean earnings per share is the only mean with a statistically significant difference between IFRS and GAAP, and no items have significantly different medians. Lack of significant differences between IFRS- and GAAP-reported financial statement items is a notable finding, as it suggests that IFRS adoption will not cause a major change in U.S. financial reporting results, at least in an overall context. Admittedly, individual firms may encounter significant differences for specific financial statement items between IFRS- and GAAP-based results.

FEW MAJOR CHANGES

The movement toward adoption of International Financial Reporting Standards has become a global juggernaut, with more than 100 countries now accepting or requiring IFRS for financial reporting by publicly traded companies. U.S. adoption of IFRS appears quite possible, but it is not a certainty. Some leaders have recommended adoption of IFRS, but others have expressed reservations, notably former SEC Chairman Mary Schapiro.

Differences between U.S. GAAP and IFRS can be cosmetic or substantive. For example, regarding financial statement presentation, cosmetic differences include the use of the accounting equation ($A=L+SE$) compared to ($A-SE=L$), terminology, and order of liquidity. Substantive differences involve matters such as inventory valuation, PP&E, and deferred taxes. The FASB and the IASB are working together to converge the two sets of accounting standards.

An examination of financial reports that include both U.S. GAAP and IFRS results shows that there is little difference between IFRS- and GAAP-reported financial statement overall average values. This is an important finding because it suggests that U.S. adoption of IFRS will not cause major changes in U.S. financial reporting results, at least overall. Of course, individual companies may still be significantly affected on specific accounting items. ■

L. Murphy Smith, DBA, CPA, is the David and Ashley Dill Distinguished Professor of Accounting at Murray State University. His academic record includes numerous research articles, books and monographs, academic conference presentations, research grants, and awards for teaching and research. His work has been cited in various news media, including Fortune, USA Today, and The Wall Street Journal. You can reach Murphy at (270) 809-4297 or msmith93@murraystate.edu.

The author thanks the IMA® Research Foundation, which provided research grant funding supporting this study, and his former research assistant, Rebecca Files, Ph.D., of the University of Texas at Dallas, previously a Ph.D. student at Texas A&M University.

ENDNOTES

- 1 Tagi Sagafi-nejad, L. Murphy Smith, Sean Byrne, Leebrian Gaskins, Zone Nguyen, and Shaun Sexton, "Moving Toward International Financial Reporting Standards (IFRS) in North America," *Internal Auditing*, January 2010, pp. 3-9.
- 2 L. Murphy Smith, "Are International Financial Reporting Standards (IFRS) an Unstoppable Juggernaut for U.S. and Global Financial Reporting?" *The Business Review Cambridge*, Summer 2008, pp. 25-31. Available at SSRN: <http://ssrn.com/abstract=1125069>.
- 3 L. Murphy Smith, T. Sagafi-Nejad, and Kun Wang, "Going International: Accounting and Auditing Standards," *Internal Auditing*, July 2008, pp. 3-14.
- 4 Smith, Summer 2008.
- 5 Zabihollah Rezaee, L. Murphy Smith, and Joseph Z. Szendi, "Convergence in Accounting Standards: Insights from Academics and Practitioners," *Advances in Accounting*, June 2010, pp. 142-154.
- 6 Alan Bannister and Michael Scanlon, "SEC to Accept IFRS Financial Statements from Foreign Private Issuers without US GAAP Reconciliation," Gibson, Dunn and Crutcher, January 11, 2008, www.gibsondunn.com.
- 7 John White, "Seeing Down the Road: IFRS and the U.S. Capital Markets," U.S. Securities & Exchange Commission (NYSE/Brooklyn Law School Breakfast Roundtable, New York, N.Y.), March 23, 2007.
- 8 WebCPA, "New SEC Chair Has Doubts about IASB," *Accounting Today*, January 27, 2009, www.accountingtoday.com.
- 9 Emily Pickrell, "FASB Head Urges Decision on International Accounting," *Reuters*, April 30, 2009, www.reuters.com.
- 10 See L. Murphy Smith and Rebecca Files, "Measuring the Impact of International Financial Reporting Standards on Market Performance of U.S. Publicly Traded Companies," American Accounting Association Southwest Region Annual Meeting, March 2011, Houston, Texas; Kun Wang and L. Murphy Smith, "How Different GAAPs Affect Performance of Valuation Models: Evidence from Asia-Based Companies," *Advances in Accounting*, December 2009, pp. 284-294; Mary Barth, "Global Financial Reporting: Implications for U.S.," *The Accounting Review*, September 2008, pp. 1,159-1,180; Ole-Kristian Hope, Justin Jin, and Tony Kang, "Empirical Evidence on Jurisdictions that Adopt IFRS," *Journal of International Accounting Research*, Fall 2006, pp. 1-20; Jose L.U. Blanco and Beatriz G. Osma, "The Comparability of International Accounting Standards and U.S. GAAP: An Empirical Study of Form 20-F Reconciliations," *International Journal of Accounting, Auditing and Performance Evaluation*, November 2, 2004, pp. 5-36; William A. Reese and Michael S. Weisbach, "Protection of Minority Shareholder Interests, Cross Listings in the United States, and Subsequent Equity Offerings," *Journal of Financial Economics*, October 2002, pp. 65-104; and Grace Pownall and Katherine Schipper, "Implications of Accounting Research for the SEC's Consideration of International Accounting Standards for U.S. Securities Offerings," *Accounting Horizons*, September 1999, pp. 259-280.
- 11 Ray Ball, "International Financial Reporting Standards: Pros and Cons for Investors," *Accounting and Business Research, International Accounting Policy Forum*, September 2006, pp. 5-27; and Christopher Nobes, "The Survival of International Differences Under IFRS: Towards a Research Agenda," *Accounting and Business Research*, May 2006, pp. 233-245.
- 12 Rezaee, et al., June 2010.
- 13 Wang and Smith, December 2009.
- 14 Holger Daske, Luzi Hail, Christian Leuz, and Rodrigo Verdi, "Mandatory IFRS Reporting Around the World: Early Evidence on the Economic Consequences," *Journal of Accounting Research*, August 2008, pp. 1,085-1,142. Best Paper Award 2008, 31st Annual Meeting of the European Accounting Association.
- 15 Cynthia Bolt-Lee and L. Murphy Smith, "Highlights of IFRS Research," *Journal of Accountancy*, November 2009, pp. 48-52.
- 16 See Casey Reineking, Don H. Chamberlain, Holly R. Rudolph, and L. Murphy Smith, "An Examination of Inventory Costing Convergence under Generally Accepted Accounting Principles and International Financial Reporting Standards," *Journal of International Business Research*, forthcoming. Available at SSRN: <http://ssrn.com/abstract=2112558>.
- 17 International Accounting Standards Board, "A Guide Through International Reporting Standards," London, U.K., IASC Foundation, January 1, 2007.
- 18 Smith and Files, March 2011.
- 19 SEC, International Financial Reporting Standards. Roadmap Roundtable, March 6, 2007, www.sec.gov/spotlight/ifrsroadmap/ifrsroadmap-transcript.txt.