The Failure of International Accounting Standards Convergence: A Brief History

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ABSTRACT

The search to establish international accounting standards commenced in 1973 with the establishment of the International Accounting Standards Committee (IASC), subsequently renamed the International Accounting Standards Board (IASB). In 2002, the Financial Accounting Standards Board (FASB) in the U.S. and the IASB entered into the Norwalk Agreement which had the declared aim of issuing converged, high-quality standards. This would involve significant changes to U.S. GAAP and International Financial Reporting Standards (IFRSs). Although substantial progress was made, differences remained and agreement could not be reached, particularly with accounting for leasing and financial instruments. However, the failure to converge completely had more deep-rooted causes than technical differences. These ranged from the rules-based versus principles-based divide to the concept of American exceptionalism. The conclusion is drawn that the U.S. had obtained what it required from the relationship. Full convergence may never have been its aim as this would erode U.S. authority and control over its own markets.

Keywords: international accounting, convergence, U.S. GAAP, Norwalk Agreement

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1. INTRODUCTION

After the second World War, there was an increase in international trade. Subsequently, in the 1960's, interest in internationalizing accounting regulations developed. As businesses became more international, the problems of countries developing their own national accounting standards became apparent. The financial statements of a company in one country could not be compared to those from another country as the rules in preparing them were different. It was apparent that there were problems in making investment and trading decisions when companies produced financial accounts using their own national regulations.

Academics attempted to identify the factors that influenced the nature of a country's accounting regulations. The objective was to ascertain those characteristics that created barriers to internationalization (Mueller, 1967; Frank, 1979; Nobes, 1983). The characteristics that were identified included the following:

Legal System

Countries can be divided into two main legal systems: common law and civil law.

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Types of Business Organizations and Ownership
There are national differences in financing, organizational size, complexity and ownership.

Tax Systems
Tax authorities have substantial influence in determining the method for preparing financial statements.

Stock Exchanges
Some countries have well-established stock exchanges with authority over financial disclosures by listed companies.

Accounting Profession
A strong accounting profession in a country normally leads to quality auditing of financial statements.

Culture
It is difficult to define the power and influence of culture, but it is present and related to some of the other characteristics that we have identified.

Although the academic efforts did not offer any specific guidance on how to achieve greater accounting internationalization, it generated discussions and encouraged regulators in several countries to consider solutions. The choice appeared to be that either all countries adopt U.S. accounting standards, which were strongly established, or an international body should be responsible for issuing standards.

The U.S. had a procedure for rigorous accounting regulations with the Securities and Exchange Commission (SEC) and Financial Accounting Standards Board (FASB). The 1934 Securities Exchange Act created the SEC, with formidable powers, to restore investor confidence in the capital markets after the stock market collapse in 1929. As such, the SEC had extensive experience as a regulator but one serious hurdle presented itself. Many countries were reluctant to abandon their own standards for U.S. ones, thus appearing to transfer authority over financial markets to the U.S. The more acceptable alternative was to establish an international accounting standard setting body.

In 1973, national accountancy bodies from Australia, Canada, France, Germany, Mexico, the Netherlands, the United Kingdom and Ireland, and the United States established the International Accounting Standards Committee (IASC). In the first few years following the IASC's formation, there was limited contact between the Committee and FASB. The IASC was, however, gradually spreading its influences with an increasing number of smaller countries that decided to follow International Accounting Standards. However, the IASC was not well funded and had limited powers. The major countries still retained their own national standards.

In 1992, the three standard setting bodies of Canada, the United Kingdom, and the United States met to discuss some of the accounting issues confronting them. The three countries agreed to work jointly in seeking a solution. Australia later joined the working group, as

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did New Zealand. This was the start of the G4+1. The U.S. was not active in these discussions.

G4 + 1 addressed several accounting transactions from a strong conceptual basis. It also became deeply involved with discussions on the structure and effectiveness of the IASC. In the proposals that the group made on the future of the IASC, it appeared to many critics that the G4 + 1, a small group of companies, would have power over international accounting standards. The group denied that this was their intent, but there is no doubt of their strong influence over the nature of international accounting standard-setting at that time.

In January 2001, it was agreed that G4+1 group would disband. A newly constructed organization, the International Accounting Standards Board (IASB), was ready take over from IASC. The G4 + 1 group cancelled its proposed future activities and submitted its current work to the IASB as potential projects. The IASB was established formally in April 2001.

2. THE GROWTH OF INTERNATIONALISATION

It was not until 1988, after the IASC had issued nearly 30 separate standards, that the FASB publicly announced its position on international accounting. The FASB declared that it would support the development of superior international standards that would gradually supplant national standards. The FASB believed it could contribute to improving International Accounting Standards (IASs) in the following ways:

i. Joining the IASC Consultative Group.
ii. Expanding and strengthening relationships with national standard-setting bodies.
iii. Greater systematic analysis of international accounting literature relating to major FASB projects.
iv. Encouraging more comments on FASB exposure drafts from an international perspective.
v. Discussion with IASC leadership on holding an international conference of national standard setters on accounting conceptual frameworks.
vi. Recruiting accountants with foreign experience to join the FASB staff.

The declaration by the FASB for greater international involvement was met with enthusiasm by the IASC. It was difficult to claim that accounting standards were international when the largest market did not adopt them. Further messages of deepening interest came in 1999. The FASB and its oversight body, the Financial Accounting Foundation (FAF) made public its vision for the future of international accounting.

They regarded the desired outcome was the worldwide use of a single set of high quality accounting standards for both domestic and cross-border financial reporting. To achieve that aim, the intention of the FASB was to take a leadership role in the evolution of international accounting and to commit to the required resources to ensure that international standards were of high quality It was recognized that, if a quality international accounting standard-setting structure and process were established, it could

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lead to structural and procedural changes to the FASB, as well as potential changes in its national role. The details of such changes were not fully investigated.

In pursuing this vision, the FASB stated that it should retain its worldwide leadership role in standard setting and believed that *"worldwide acceptance of internationally recognized standards and a global standard-setting process is impossible without U.S. acceptance and participation."* (FASB, 1999). It is argued that the undeclared aim of the FASB was to ensure that US accounting standards were to be recognised worldwide.

One could question the declared involvement and role of the U.S., but undoubtedly, international accounting needed a boost. Among the countries that met in 1973 to promote international accounting, efforts to achieve this aim were not impressive. It was not until many years later when U.S. involvement was clearly established that the other countries made the changes. Australia established the Australian Accounting Standards Board in 1991. It was not until 2007, that it modified those standards to match the requirements of international standards. In Canada, international standards became mandatory in 2011. The European Union required companies to comply with international standards from 2005 onwards.

Although enthusiasm had been expressed in 1973 for accounting internationalisation, progress was slow. The IASC founded in that year was a private sector, non-governmental organization. It was not lavishly funded and had a part-time body of standard-setters who met three or four times annually in different cities around the world. It had a small secretariat and was based in London, U.K.

Given these limited resources, the achievements of the IASC was noteworthy. It issued its first standard, *IAS1 Disclosure of Accounting Policies,* in January 1975 and this was followed in October 1975 with *IAS 2 Inventories*. One cannot criticise the IASC for the number and quality of the standards it issued but the major national economies were still complying with their own national accounting standards. These national standards differed significantly from international standards. If this situation was to improve, either a complete overhaul of all aspects of the IASC was required, or a new and more powerful body needed to be formed.

The IASB was established formally in April 2001. It had greater funding and a clear objective of bringing about convergence of national accounting standards and International Accounting Standards to produce high quality solutions to accounting issues faced by companies across the globe. In retrospect, it can be argued that it was the interest shown by the U.S. that was the driver of the changes needed to rejuvenate the search for internationalisation.

In 2002, the recently appointed Chair of the IASB, David Tweedie, made clear his aim of spreading international accounting standards to the U.S. His objective was made possible by the appointment in July 2002 of a new FASB Chair, Robert Herz, who was a qualified UK chartered accountant. Herz added a fresh international dimension to the American way of thinking. The difficult, gradual building of a relationship between the U.S. and the international accounting standard setters have been well-documented by Kirsch (2012). Tweedie set out the IASB's two main objectives as follows:

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2.1. Convergence

Tweedie may have realised that the U.S. was highly unlikely to adopt all the international accounting standards that had already been issued. The strategy, therefore, was to agree to changes to both the existing U.S. standards and international standards so that a 'new' set of acceptable international standards could be established. Such standards would be of high quality and would be recognized and accepted internationally. This process of convergence was not the creation of completely new standards on a blank sheet of paper, but merging the best qualities of existing standards.

2.2. An Improvements Project

This was regarded as the first step towards promoting convergence of high quality standards. The Board's objective was to revise and re-issue twelve named standards by the first half of 2003. This was a very tight timetable but it made public the commitment of the U.S. to international accounting standards.

3. THE NORWALK AGREEMENT

The appointment of Herz to FASB brought with it a commitment to convergence, which complemented the objectives of the restructured IASB under David Tweedie. The rapport led to the signing of the Norwalk Agreement, which had the objective of converging U.S. and international standards.

It was intended that the final agreed standards would be international standards and the U.S. would adopt them. It is unclear whether the signatories to the Norwalk Agreement considered that this might lead to the closure of the FASB as all future standards would be issued by the IASB. The position of the SEC was also not fully apparent. This body was formed in 1934 with the task of ensuring investors received reliable financial information and that the markets had clear rules for honest dealing. The cessation of national standard setting would, undoubtedly, weaken some of its authority.

The Norwalk Agreement sets out the following aims of the two Boards and the priority actions that they intended to take jointly for the immediate future.

3.1. Aims

- The existing financial reporting standards of FASB and IASB would become fully compatible as soon as practicable.
- The future work programs of the two bodies would be coordinated to ensure that once compatibility was achieved, compatibility of standards would be maintained.

3.2. Priority Actions

i. To undertake a short-term project aimed at removing a variety of individual differences between U.S. GAAP and International Financial Reporting Standards.
ii. To remove other differences between IFRSs and U.S. GAAP that remained at January 1st, 2005, through coordination of future work programs. This would require the

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Boards to invest the time and resources to undertake substantial projects.
iii. To continue progress on the joint projects that were currently being undertaken.
iv. To encourage their respective interpretative bodies to coordinate their activities.

The problems faced by the two parties in following the convergence route chosen were probably underestimated. Although it was claimed that the differences between U.S. GAAP and internationalisation were not insurmountable (Street, Gray and Bryant, 1999) it is recognized that *"for many countries convergence with international accounting standards will be a monumental task"* (Street, 2002, p. 89).

There was also the issue that seems to be overlooked, that is, convergence involving changes to international standards meant that all those countries that had already adopted them would have to make changes to their accounting practices. Not surprisingly, *although "the goal of their convergence efforts was common standards, they sometimes fell short of that objective."* (Kirsch, 2012, p. 47).

Many of the pronouncements in support of the convergence project emphasized that the aim was to produce high quality standards. Unfortunately, there was no definition of what was meant by "high quality" and a nagging suspicion that, if changes were made, then existing standards that had been applied for many years could not be of high quality.

The SEC (2000) stated that high quality standards must have consistency, comparability, relevance and reliability. The objective of the standards is to provide information that is useful for lenders, investors, creditors and others who make capital allocation decisions. Although it is difficult to disagree with the sentiments, there are difficulties. Relevance and reliability always present a balancing decision. Should reliability be emphasized although this could detract from relevance, or stress relevance and sacrifice reliability? The pursuit of this conundrum involved the lengthy discussions of historic cost measurement to which there has been no definitive answer.

4. THE PROGRESS OF CONVERGENCE

Following the Norwalk Agreement, the FASB and the IASB worked successfully on several short-term projects. It has been a long journey, however, with a disappointing end in 2014. However, as highlighted below, the examination of the stages in the journey from 2002 to 2013 suggested a complete success would not be achieved. Needless to say, the assertion was made that these new standards would be of high quality.

2002 – The Norwalk Agreement was signed and the announcement of the short term projects both Boards would worked on jointly.

2006 - The Issue of a Road Map
At this stage, the convergence project began to falter. Both the FASB and the IASB considered it necessary to affirm their commitment to the relationship. However, they shifted from the strategy of converging standards as this was proving too difficult and moved to a strategy of developing new standards to replace the old ones.

2008 – The Issue of *Another* Road Map (SEC, 2008)

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This was an update of the 2006 document but indicated that the U.S. would not adopt IFRSs unless the following objectives were achieved:

i. The SEC would monitor the development of standards to ensure there were acceptable improvements. In other words, it would not lose its authority.
ii. There must be evidence that there was sufficient funding to support the independent functioning of the IASB.
iii. The SEC mandated filings for the largest 500 U.S. public companies in 2009 in Extensible Business Reporting Language (XBRL). Changes to standards would need to encompass this procedure.
iv. The SEC would assess whether U.S. issuers, auditors, and users were sufficiently prepared for IFRSs.

The 2008 Road Map was met with considerable applause but there were signs that the adoption of IFRSs by the U.S. was uncertain. A major hurdle was the financial collapse in the U.S in 2007-2008 that had led to investigations on the treatment of financial instruments. Bankers criticised the standard setters for not having appropriate and workable standards and the standard setters blamed the bankers for not complying rigorously with the standards. This resulted in governments urging the FASB and IASB to speed up their work and formulate new regulations for financial instruments.

In 2009, the SEC issued its fiscal plan for the fiscal years 2010 to 2015. Although it pledged continued support to the convergence project, the SEC stated that it would not make a decision on incorporating IFRSs into the U.S. system until 2011. There were suggestions, however, that 2015 or 2016 might be possible for incorporation.

In 2012, the FASB and the ISASB issued a jointly agreed paper on accounting for financial instruments. It was anticipated that the SEC would also make a statement on the adoption of IFRSs. The SEC did not do so and the long relationship began to crumble. Although there has been no formal declaration that the Norwalk Agreement has ended, the continued silence by both parties to that agreement suggested that the convergence project has ended.

5. SUCCESSES AND FAILURES

When assessing the history of the relationship, one can identify successes and failures. A full analysis of these have been given in Hussey and Ong (2014) but some projects were extremely complex: stock options, intangible assets, leases and financial instruments. A review of these demonstrates not only the complexity facing the two boards in achieving an agreed standard, but also reinforces the brutal fact that standard-setting is extremely difficult.

Economic conditions, business practices and societal values are fluid. To achieve a standard that everyone accepts and that will last forever is an impossibility. The following examples illustrate the progress that was made in some difficult areas and the problems that still exists.

5.1. Stock Options

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One important aspect of the U.S. debate was stock optioning expensing - in other words, how companies should account for the options. The U.S. regulations meant that companies did not have to report executive incomes as an expense to their shareholders if the income resulted from an issuance of "at the money" stock options. The result was that organizations reported higher profits and directors benefitted without the full knowledge of shareholders. There were demands from several quarters for stock options to be expensed, but there were political hurdles preventing this from taking place.

In June of 1993, the FASB issued an exposure draft on stock options that recommended the fair-value approach i.e. options issued to employees will be recorded in the financial statements as compensation expense. Lobbying of Congress took place and the FASB retreated from their recommendation.

However, the process of convergence brought about some change. In December 2004, the FASB published FASB Statement 123 (Revised 2004): *Share-Based Payment* (*Statement 123R)*. This requires that the compensation cost relating to share-based payment transactions be recognized in financial statements. In the same year, the IASB issued *IFRS 2*. The standard requires an entity to recognize share-based payment transactions (such as granted shares, share options, or share appreciation rights) in its financial statements, including transactions with employees or other parties which are to be settled in cash, other assets, or equity instruments of the entity.

Some might argue that there was no convergence as the two Boards were unable to reach agreement. A more charitable view is that given the domestic resistance faced by the FASB, substantial progress was made. Before the revision, these accounting transactions were poorly regulated and were subject to fraudulent or misleading practices. As FASB and the IASB have issued similar standards on the treatment of stock-based compensation, financial accounting and reporting has been improved.

5.2. Intangible Assets

Increasingly, the most important assets for generating future benefits are intangible assets. One such asset where it has been difficult, both nationally and internationally, to agree on the correct accounting treatment is goodwill. In the U.K., this caused disagreement for several years. Although the current international standard (*IAS 38*) first issued in 1998 was based on U.K. experiences, it has had several amendments and the entire subject is again being discussed. The position in the U.S. has been equally fraught.

The original regulations in the U.S. allowed companies to use one of two methods when making an acquisition i.e. the pooling of interests or the purchase method. The first method combined the book value of assets and liabilities of the two companies to create a new balance sheet of the combined companies as if it had always been one. The acquisition price was not disclosed, so there was no goodwill.

The second approach, the purchase method, gave rise to goodwill and the regulations at that time required goodwill to be written off over 40 years. In 2001, the FASB issued *FAS 142* that removed the pooling option and the method of writing off goodwill over 40 years.

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Instead, goodwill for impairment has to be reviewed annually, either at the operating level, meaning a business segment, or at a lower organizational level.

The procedure is to compute the fair value of a business segment, using the present value of future cash flows, and compare that to the carrying value (book value of assets plus goodwill minus liabilities). Where the book value of the unit exceeds its fair value, no further exercise needs to take place and valuation of goodwill remains unchanged. If, however, the fair value of the reporting unit is lesser than the book value, the goodwill is impaired and the amount of the impairment must be written off.

5.3. Accounting for Leases

It has been argued that the efforts to bring about a new leasing standard were undertaken more to keep the FASB and IASB relationship alive than for technical or conceptual reasons (Hussey and Ong, 2011). The issues surrounding accounting for leases had been present for many years and discussions started in 2006 as part of the convergence project. These led to an extended period of discord and strong indications that the discussions would not produce a converged standard.

In March 2009, a Discussion Paper *Leases: Preliminary Views* was published. The discussion paper was open for comment until 17 July 2009. The FASB, jointly with the IASB, published Exposure Draft *Leases* in August 2010. The Exposure Draft was open for comment until December 15th, 2010. The proposals in the Exposure Draft did not meet wide acceptance.

The Boards began re-deliberations on Exposure Draft *Leases* in January 2011. In May 2013, the FASB issued a Proposed Accounting Standards Update (Revised) on Leases (Topic 842) as a revision to the 2010 proposed FASB Accounting Standards Update, Leases (Topic 840).

It became evident that a final, converged agreement would not be achieved. Finally, the FASB and the IASB each issued their own standards. Although it can be argued that there are many similarities with the two standards, the fact is that full convergence was not achieved.

The above examples underline the many problems facing the FASB and the IASB. The FASB is responsible to the SEC. The IASB is not answerable to any national government but must satisfy the requirements of many countries and organizations. Its standards must be universally acceptable and cannot be structured to meet the needs of the U.S.

6. THE END OF CONVERGENCE

The convergence project had been fruitful with strong signs of rapport between FASB and the IASB, but divisions of opinion were becoming evident as the technicalities of full standard convergence became more apparent. Sensibly, in the early years, standards for convergence had been selected because no barriers were foreseen. As the years progressed, so the differences between the two forms of standard setting, international versus U.S, became more difficult to converge.

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The messages in the Road Maps and other documents that were issued became less buoyant. The levels of disagreement became more apparent. It was anticipated that the SEC would make a final decision on the time of full adoption of international accounting in 2012. It did not do so and the response from some other major players was that the IASB should cease the U.S. relationship and direct its attentions to the rest of the world.

It must be stressed that the FASB has to answer directly only to the SEC. The IASB has a far wider audience. The IASB has no authority to compel companies to comply with standards that rests with individual countries. It is the government of a country that decides whether it will adopt international standards, the type of companies that must comply with them and to take action in the event of non-compliance. The limited evidence available suggest that companies in smaller countries do not experience significant changes on adoption of IFRSs (Murtini and Lusiana, 2016), although the IASB has to satisfy a range of opinions to be able to issue a standard.

Unfortunately, the convergence project ended with a whimper. In contrast, the commencement and the Norwalk Agreement had been met with public acclaim. The end was a slow and quiet retreat from the arena. The ICAEW, responding to the failure of the SEC to decide on convergence, proposed that the project should be ended formally, in months not years. The argument was made that the IASB should concern itself with the 100 plus countries that have adopted international standards and assist those countries, such as China, which are making moves to convergence (ICAEW, 2012).

The Chair of the IASB, Hans Hoogervorst, is quoted as saying that: *'Five years ago, it (lack of US adoption) might have led to a disintegration of the whole project. I am not worried about that now. But I am worried that the US finds it so hard to make a decision and that it might lead to a growing divergence between IFRS and US GAAP.'* (Perrin 2013, p 30).

That divergence is not only possible, but is taking place. The two Boards have their own agendas and the question arises whether the FASB and the SEC seriously intended to converge fully with international standards or they had another agenda. Certainly, in the 1990s there were indications that FASB thought that US standards could become the international regulations. This confidence was somewhat shattered by the financial scandals the country suffered in 2008.

Not only did the SEC had to rebuild confidence, it was aware that there were accounting transactions where the US standards needed revision but this was likely to meet strong domestic opposition. The pressure to make amendments to standards because of the need to converge offered a route to fundamental changes to standards.

Issues such as share options, leases, intangible assets, revenue recognition, inventory valuations and financial instruments have been on the FASB agenda for several years. Although the convergence route has not brought about all the changes that were possibly sought, there have been substantial shifts. If the sole aim of the FASB was to introduce changes that were likely to meet opposition, convergence has been partly effective in achieving that goal.

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If the FASB was reticent on the full adoption of international standards, the IASB could see the benefits in the U.S. adopting them. The inclusions of the U.S. would encourage other countries and also bring in funding and technical expertise. However, it was never made clear whether this would occur and how it would be implemented given the role of the SEC.

There are, however, more fundamental reasons that the convergence agreement would not work. The characteristics, discussed earlier in this paper, that shape national accounting, still exist with varying levels of effect. To an extent, we will draw on these to support our arguments. The comparisons we make are with UK experiences and practices. This is for illustrative purposes only and other countries may have other or similar concerns to those we express.

Although its importance is questioned by some, the principles versus rules conflict still exists. This is the fundamental basis of UK regulations. Numerous articles have been written on the subject, which support the argument that it is important. One may accept the US argument that their standards are based on principles but, unfortunately, they are expressed as rules.

The IASB had made considerable concessions, but agreement could not be reached on changes to the *Conceptual Framework* (IASC, 1997). Recent announcements that stewardship and prudence will be reinstated in the *Conceptual Framework* illustrates the divide. Despite the term *fair presentation* in the *Conceptual Framework*, the Financial Reporting Council (2012) has confirmed that the *true and fair view* remains a cornerstone of UK financial reporting. This term is rejected by the US.

There is complete agreement that international standards should be high quality standards, but this term has not been defined. Barth *et.al.* (2012) has suggested potential measurement criteria. However, one could argue that internationalisation is not merely a technical process but also a cultural and political one. The factors that led to the different forms of national accounting still exist. They may not be as evident as they once were, but can still have the strength to lead countries to reject international accounting

There are many examples of countries making decisions that reject moves to different forms of internationalisation. For example, the UK retained the sterling currency and did not accept the Euro as its currency. Its recent Brexit decision to leave the EU also reflects the strength of a national culture. In addition, there is a history of American exceptionalism as a means of defending US sovereignty (Cheney and Cheney, 2015). It is also argued that the SEC does not have the authority to delegate its regulatory powers to a foreign, private body of standard setters (Yallapragada, 2012). There are also examples of greater international integration and it is claimed that the interrelationship of the stock markets of America, China and India increased after the financial crisis in 2007/8 (Sun, Wu and Xie, 2014)

7. CONCLUSIONS

The search for international accounting regulations started formally in 1973. The reasons for doing so were uncontroversial. Companies had been drawing up sets of financial

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statements using the regulations of the country in which they were established. Greater globalization required a new approach. The objective was to establish a standard-setting regime that would be acceptable and adopted by all countries.

The first standard-setting organization, the International Accounting Standards Committee (IASC), issued many sound standards, some of which are still applicable today. However, the larger nations did not adopt these standards but continued with the application of their own national regulations.

In 2001, the formation of the International Accounting Standards Board (IASB) led to a shift in opinions. The U.S. had declared an interest in international standards. The signing of the Norwalk Agreement in 2002 by the FASB and the IASB reinvigorated interest. Subsequently, several of the larger nations adopted international standards including the EU in 2005. The EU uses standards that it endorses but that will change for the UK with Brexit and UK's withdrawal from the EU. Presumably, the UK will use its own adoption process.

Despite the involvement of the U.S. at an early stage in the attempt to form an international body, the U.S. gradually withdrew. The absence of that country weakens the IASB. This raises the question why the U.S. entered into the Norwalk Agreement if it was not committed fully to internationalisation. An argument can be made that it allowed the FASB to introduce changes to standards that would otherwise meet strong domestic opposition.

Considerable progress had been made with the convergence project, but when one reviewed the deep-seated barriers, it is evident that complete convergence would be unobtainable. Although FASB may have been favourably inclined, adoption of international accounting standards could have weakened the authority that the SEC wields.

The search for convergence appears to have ended, and the U.S. has decided to follow its own course. It will still retain an international accounting presence, but the emphasis will be in satisfying the needs of its domestic market. The future may be uncertain, but we leave our concluding words to Robert Herz, a former Chair of FASB:

Geo-economic and geo-political forces, coupled with the growing acceptance of IFRS around the world as the recognized set of international accounting standards, will continue to exert pressure on the United States (and other countries) to either adopt IFRS or to continue to move their standards closer to IFRS.

(Herz 2013, p.38)

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