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Accounting Professor Works with Six Largest Accounting Firms to Survey Worldwide Move Toward One Global Accounting Language

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NEWS RELEASE

ACCOUNTING PROFESSOR WORKS WITH SIX LARGEST ACCOUNTING FIRMS TO SURVEY WORLDWIDE MOVE TOWARD ONE GLOBAL ACCOUNTING LANGUAGE

DAYTON, Ohio — The U.S. and an overwhelming majority of the rest of the world intend to converge with International Financial Reporting Standards (IFRS), according to a new survey.

Supporters believe a single set of accounting standards will save money, eliminate confusion about the "real numbers" and restore confidence in the accounting profession by enabling investors to compare opportunities and make informed decisions in today's global markets, according to Donna L. Street, a University of Dayton accounting professor who helped the six largest accounting firms conduct the survey.

The advantages to comparable financial reporting far outweigh the problems of convergence, according to Street. "Until a few years ago, every country had its own accounting language. With the globalization of markets, that doesn't work anymore."

According to the newly released "GAAP Convergence 2002" study, 95 percent of 59 countries surveyed intend to converge their national accounting rules with international standards. Almost three-quarters (72 percent) have a formal convergence plan in place, according to Street's research. In the European Union, 7,000 listed companies will adopt international standards by 2005, and the U.S. Financial Accounting Standards Board (FASB) has issued a memorandum of understanding with the International Accounting Standards Board (IASB) that commits both boards to converge their standards.

"Expectations are that the agreement between the FASB and IASB will result in a considerable number of changes for U.S. companies during the next few years. This is an opportunity to find high-quality solutions, not a quick fix, for some of the weaknesses exposed during the accounting scandals," said Street, who holds the Mahrt Chair in Accounting at the University of Dayton. "Stock option compensation is just one example. The IASB currently has an exposure draft outstanding that proposes a resolution for the problem. The U.S. FASB has requested feedback on the IASB proposal and after reviewing comments from various constituents will determine whether the international proposal should also be adopted in the U.S."

The report she co-authored with representatives from BDO, Deloitte Touche Tohmatsu,

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Ernst & Young, Grant Thornton, KPMG and PricewaterhouseCoopers identifies some obstacles that need to be addressed before companies worldwide adopt a universal accounting language. In the survey, about half of the companies (51 percent) indicated that the complicated nature of some standards, particularly those incorporating fair value accounting, are a barrier. Another half (47 percent) cited the tax-driven nature of their country's accounting rules as an impediment.

Only three of the countries surveyed, Iceland, Japan and Saudi Arabia, don't currently intend to converge, while close to 30 have already fully adopted or announced they will soon adopt the international standards. "The accounting profession worldwide can't do this on its own. Everyone, including governments and regulators, has to cooperate and resist the temptation to cling to 'this has to be done everywhere except for here,'" Street observed.

Street worries that American companies and universities are not doing enough to prepare for the changes. The report recommends that International Financial Reporting Standards be included in the core curriculum of accounting programs at business schools after nearly half of the countries surveyed expressed concern about education and training programs.

"Accountants, analysts and companies need to be aware that there's a move toward international accounting standards, and they need to keep their staffs informed," Street said. "You don't want this sneaking up on you."

Street, who's currently teaching a new MBA course on contemporary accounting issues with a heavy emphasis on convergence to international standards, is now drafting a report for the InterAmerican Development Bank addressing efforts in Latin America to converge with international standards.

She's earned a reputation as an expert on international accounting and is a frequent presenter at international conferences, including those sponsored by the Academy of International Business and the European Accounting Association. Most recently she was invited to present findings about executive compensation at a London symposium jointly sponsored by the Institute of Chartered Accountants in England and Wales and the International Association for Accounting Education and Research. A briefing on the symposium will assist the IASB as it finalizes its deliberations on accounting for share-based payments, including stock options.

This is the third year the six major accounting firms have conducted a global survey to measure progress toward convergence with international standards.

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For media interviews, contact **Donna Street** at (937) 229-2461 or Donna.Street@notes.udayton.edu. The report can be found at <http://www.ifad.net>.