

4. According to Nobes, what is the relationship between culture, type of financing system, and class of accounting?
5. What arguments can be made in favor of international accounting harmonization, and what arguments can be made against it?
6. What are the Fourth and Seventh Directives?
7. Why were several original standards issued by the IASC revised in 1993?
8. In what ways does the IASB differ from the IASC?
9. Some say that IFRS are now GAAP in the European Union. How is this statement true, and how is it false?
10. What are five countries that do not allow domestic publicly traded companies to use IFRS to prepare consolidated financial statements?
11. What have the FASB and IASB agreed to do in the Norwalk Agreement?
12. What are the FASB's key initiatives in its international convergence project?
13. What are three potentially significant differences between IFRS and U.S. GAAP with respect to the recognition or measurement of assets?
14. In what way might the IASB's approach to standard setting be relevant for the FASB?
15. Even if all companies in the world were to use IFRS, what are two obstacles to the worldwide comparability of financial statements?

Problems

1. Which of the following could explain why accounting is more conservative in some countries than in others?
 - a. Accounting is oriented toward stockholders as a major source of financing.
 - b. Published financial statements are the basis for taxation.
 - c. A common law legal system is used.
 - d. Full disclosure in financial statements is emphasized.
2. Which of the following is *not* a problem caused by differences in financial reporting practices across countries?
 - a. Consolidation of financial statements by firms with foreign operations is more difficult.
 - b. Firms incur additional costs when attempting to obtain financing in foreign countries.
 - c. Firms face double taxation on income earned by foreign operations.
 - d. Comparisons of financial ratios across firms in different countries may not be meaningful.
3. Which of the following is *not* a reason for establishing international accounting standards?
 - a. Some countries do not have the resources to develop accounting standards on their own.
 - b. Comparability is needed between companies operating in different areas of the world.
 - c. Some of the accounting principles allowed in various countries report markedly different results for similar transactions.
 - d. Demand in the United States is heavy for an alternative to U.S. generally accepted accounting principles.
4. According to the IASB, IFRS are composed of
 - a. International financial reporting standards issued by the IASB only.
 - b. International accounting standards issued by the IASC only.
 - c. International financial reporting standards issued by the IASB and international accounting standards issued by the IASC.
 - d. International financial reporting standards issued by the IASB and statements of financial accounting standards issued by the FASB.
5. Which of the following countries or groups of countries does not permit any domestic listed companies to use IFRSs in preparing consolidated financial statements?
 - a. European Union.
 - b. Mexico.
 - c. Russian Federation.
 - d. Switzerland.