

V Summary of Articles

Issues Related to Global Convergence of Accounting Standards

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This paper aims to discuss issues related to a global convergence of accounting standards. According to the Tokyo Agreement dated 8 August 2007, ASBJ and IASB will seek to eliminate by 2008 major differences between Japanese GAAP and IFRSs (as defined by the July 2005 CESR assessment of equivalence), with the remaining differences being removed on or before 30 June 2011. However, R. Ball criticizes that the achievement of convergence of local accounting standards and IFRSs would not improve comparability of financial statements because reporting practices in different countries could unlikely be

unified mainly due to differences of legal, economic, and political systems. Those factors include, for example, legal system, securities regulation and regulatory bodies, depth of financial market, structure of corporate governance, and so on. Therefore, when we argue about a convergence of accounting standards we need to carefully take account of local factors that are considered to impede a progress of the convergence. In this paper, the convergence issue is discussed from the point of view that focuses high quality and transparency of accounting information prepared by IFRSs.