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## ***What are International Accounting Standards and the Purpose of the International Accounting Standards Board?***

In March of 2001, the parent entity of the International Accounting Standards Board (IASB), The International Accounting Standards Committee (IASC), was formed in the United States as a non-profit organization. The goal of the IASC and the IASB is to provide common, integrated global accounting standards for the capital markets of the world as well as provide a common language that outside users of Corporate and Governmental financial information can easily understand and translate. The IASB is the main standard setter for those Countries which have adopted international accounting standards for financial reporting and is located in the United Kingdom. Currently, companies and governmental entities reporting their financial position in the United States do not follow international accounting standards as set by the IASB, but rather following the reporting standards of the Financial Accounting Standards Board, which is the accounting standards setter in the US and part of the American Institute of Certified Public Accountants.

The overall operations of the IASB and its related advisory boards rest ultimately in the hands of the twenty seven trustees of the IASC, who are bound by the [Constitution of the IASC](#). The main responsibility of the trustees is to appoint the members of the IASB, the Standards Advisory Committee, and the International Financial Reporting Interpretations Committee. In addition to appointing members to the above boards and committees, the Trustees are charges with the following responsibilities:

- Review at least on an annual basis the strategy and effectiveness of the International Accounting Standards Board.
- Approve annually the budget of the IASB and the basis for funding the board.
- Review strategic issues concerning accounting standards, promote the adoption of International Accounting Standards and also promote the strictest adherence to International Accounting Standards.
- Establish and amend operating procedures for the IASB and its related committees.
- Amend as necessary the Constitution of the IASC after following proper due process, which includes the publication of an exposure draft for public comment and also consulting with the Standards Advisory Committee.

The trustees do not set international accounting standards. This is the responsibility of the International Accounting Standards Board. This is done to maintain independence and transparency and to allow for checks and balances in the development of accounting standards.

The International Accounting Standards Board consists of fourteen members who are appointed by the Trustees of the IASC and is the successor to the International Accounting Standards Committee. It is a privately-held, independent organization based in London, United Kingdom, and is solely responsible for the development of International Accounting Standards. The IASB is charged with developing and implementing, in the public interest, a single set of high-quality, easily understood and enforceable accounting standards for the presentation of the financial condition of entities and countries who have adopted the use of International Accounting Standards. Current board members come from nine countries and have a diverse financial reporting background. The board also works closely with other financial accounting setting boards to ensure a convergence of financial reporting standards across the globe.

In developing International Accounting Standards, the IASB must follow strict guidelines, which are summarized as follows:

- Develop an agenda.
- Plan the project
- Develop a discussion paper
- Develop and publish an exposure draft for public comment
- Finalize the Standard

In depth discussion and the processes prescribed for the development of an International Accounting Standard can be found at:

<http://www.iasb.org/About+Us/How+we+develop+standards/How+we+develop+standards.htm>

The interpretive body of the IASB, the International Financial Reporting Interpretations Committee, was reconstituted from the former IASC Standing Interpretations Committee, in 2001 by the IASB. This committee is responsible for providing authoritative guidance on those standards which are most likely to receive a wide divergence or unacceptable treatment by financial reporting entities.

The IFRIC normally meets every six weeks in an open, public meeting and develops its interpretations with other national committees. The committee addresses widely spread accounting issues and not those related to a small, minority group of entities.

In summary, International Accounting Standards are developed by a group of independent standard setters from a divergent group of members and trustees. Most of the European and Asian countries have adopted these standards and if you are affiliated with a publically traded company in the United States, it is not long before you must also conform to International Accounting Standards. Summaries of the international accounting standards can be found at the [IASB's website](#), along with other authoritative information.

If you would like to speak with one of our professionals concerning migrating your financial statement presentation to conform with International Accounting Standards, please email me at [mwa@ahartcpa.com](mailto:mwa@ahartcpa.com).

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