“High quality” financial reporting produces financial information that is relevant (timely and pertinent), reliable (represents underlying economic events and is verifiable) and comparable across time and across companies. In 2000, the U.S. Securities and Exchange Commission (SEC) issued a concept release, entitled “Concept Release on International Accounting Standards”, that highlights the elements of a high quality global financial reporting structure. Please answer the following questions based on your reading of this concept release and research undertaken on the Internet. Your answers should be numbered, typed, and no more than four pages in total.

1. What are the elements of the infrastructure for high quality financial reporting identified in the Concept Release? What do you suppose motivated the SEC’s 2000 “Concept Release on International Accounting Standards”?

2. U.S. GAAP has been known worldwide as a premier set of financial reporting standards. Since 2002 International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) have become an accepted basis for financial statement preparation in many capital markets. The IASB is organized under an independent foundation named the International Accounting Standards Committee Foundation (IASCF). Where is the IASCF incorporated? What are the other bodies of the organizational structure of the IASCF that play a role in the development and issuance of IFRS? Why do you suppose these bodies are needed to develop high quality accounting standards?

3. What is meant by “due process” in accounting standard setting? Why is “due process” important to the promulgation of accounting standards?

4. Effective 1 February 2009, the IASCF Constitution was amended to create a Monitoring Board of public authorities. Describe the objective of the Monitoring Board and who currently sits on the Monitoring Board? Why do you suppose the Monitoring Board was created?

5. What is an audit, and what role can audits play in the development of high quality financial information?

6. Audit standards differ across countries. The International Federation of Accountants (IFAC) is focused on developing high-quality international audit standards, promoting strong ethical values, encouraging quality practice, and supporting the development of all sectors of the audit profession around the world. Who has taken responsibility for issuing international audit standards?


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