

What exactly is IFRS?

The **International Financial Reporting Standards or IFRS**, are a set of accounting standards formulated by the International Accounting Standards Board (IASB). It is rapidly gaining dominance as the global standard in the preparation of public company financial statements.

As IFRS becomes more widespread, CPAs, financial statement preparers and auditors will have to become informed and well-versed with the new rules and trends. IFRS apply to the general purpose financial statements and other financial reporting by profit-oriented entities – those engaged in commercial, industrial, financial, and similar activities, regardless of their legal form.

Others, such as actuaries and valuation experts who are engaged by management to assist in measuring certain assets and liabilities, are not currently taught IFRS. To remedy this situation, they must be given comprehensive training and be lectured on the subject. This does not apply exclusively to auditors and accountants, but also to parties other than profit-oriented business entities who may also find IFRS appropriate.

At present, there are approximately 117 nations that permit or require IFRS for domestic listed companies, including listed companies in the European Union. Other countries, including Canada and India, are expected to transition to IFRS by 2011. Mexico plans to adopt IFRS for all listed companies starting in 2012. Some estimate that the number of countries requiring or accepting IFRS could grow to 150 in the next few years. Japan has introduced a roadmap for adoption that it will decide on in 2012 (with adoption planned for 2016). Still other countries have plans to converge (eliminate significant differences) with their national standards with IFRS.