

Schools bring GAAP to account

Rebecca Knight

A consortium of US universities is aiming to ensure students are equipped for the rise of IFRS, writes Rebecca Knight

Universities and business schools in the US are stepping up efforts to incorporate international financial reporting standards into their curriculums with the help of Deloitte, the US accounting firm.

Deloitte has formed the IFRS University Consortium, which will develop course materials such as classroom guides and case studies to help professors and students understand the international reporting guidelines.

Accounting programmes in the US teach generally accepted accounting principles, which are the financial reporting standards used by US companies. IFRS is a single set of accounting principles that tend to be more focused on objectives and rely less on detailed rules than do US GAAP.

The international standards are rapidly gaining acceptance round the world: more than 100 countries and nearly 40 per cent of Global Fortune 500 companies already use IFRS. The Securities and Exchange Commission, the US regulator, is expected to push for allowing US multinationals to use IFRS by 2011.

The move underscores an important challenge for colleges and business programmes to accelerate the integration of IFRS into their curriculums, says D.J. Gannon, a partner at Deloitte.

"If you look at financial reporting over the last 10 years, we're moving away from a US focus to a more global focus," he says. "The world has changed and is continuing to change. Markets are demanding a common standard."

Existing curriculums have little IFRS content and, because textbooks normally publish on a three- to four-year cycle, college and business faculty "are pressed for time" to create course materials incorporating IFRS, according to Mr Gannon.

"You can leverage US GAAP for certain topic areas but the bottom line is there hasn't been a lot of material developed on IFRS," he said. "It's going to take some time to get the textbooks developed, case studies written and lecture materials updated, but our ultimate goal is that everyone be taught IFRS the way US GAAP is taught today. We're starting from scratch."

The consortium, which comprises nearly 100 universities, started in May with two partner schools: Ohio State and Virginia Tech universities. There is no cost for institutions to join.

So far, the new courses that teach IFRS are popular among students, and in some cases are oversubscribed, according to officials at Ohio State.

"We have become global in the way we do business, which means our students have to be qualified," says Richard Dietrich, professor and chairman of the school's department of accounting. "If we all have the same common language of accounting, it's easier to conduct business around the world."

Sam Hicks, associate professor in the department of accounting and information systems at Virginia Tech, says his school has dropped its standalone masters-level course on multinational accounting in favour of incorporating IFRS into the curriculum.

"It has made our students more aware of international issues," he says.

Prof Dietrich says competence with IFRS will become a selling point for students in search of jobs at big auditing firms. "Accounting firms will continue to come looking for the best talent but, two years from now, if you don't know IFRS, you'll be behind the curve."

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