**GASB VS FASB**

**Name of Student**

**Name of teacher**

**Answer 1**

The basic aim of the integrated reporting system is to improve the extent to which the information is useful to those who have helped the company by providing the capital necessary to run the operations. The approach to reporting that is done should be more efficient and united. The other purpose that the reports should serve is the possibility to hold the persons accountable for the actions. The reporting outcomes should help and support the creation of value in the long, medium and short term. Although the major beneficiary of this practice will be the providers of the financial capital, the usage can and should be extended to almost all the stakeholders. The framework was released in the year 2013. The people who will be benefitting from the reporting had some expectations attached to the framework. The preparers also had some expectations about the usefulness of the framework.

**Answer 2**

Australia and New Zealand have historically shown that they lead the way in applying the most modern standards and changes in the private as well as the public sector firms. Some researchers find a clear relationship in the application of these aspects in the public sector organizations and the changes that have been applied in the international financial accounting committee. This series of actions taken by the government had started in the early 80s. The bodies have also made considerable contributions to the development of these standards.

The integration has been discussed thoroughly by the researchers but the effect 0n the public sector organizations has not been fully explored. New Zealand and Australia have used distinct paths regarding the setting of the accounting standards. These aspects were in the hands of Treasury department and the department of Finance till the 1970s. There was consistent pressure on the corporations from the various professional bodies to adopt the accounting standards. This was also applied by the committee formed by the Government. The profession could not proceed in time and the committee along with the Department of Finance made their own standard.

There was a complete lack of interest on the part of the professionals to make some accounting standard body. This forced the public sector to put in some effort to make its own standards. The professionals made their own standards body within the Australian accounting research foundation structure. The professionals developed the general purpose financial reporting for their use.

The major concern was that the accounting professionals had too much influence on the setting of the financial accounting standards. The second concern was that the government thought that there is a certain degree of noncompliance on the part of the firms. These two aspects led to the development of an independent Accounting standards review board. The control of the accounting standards making for the private companies shuffled between the government and the professionals in the 1980s. All the efforts were dominated by the profit motive of the private sector and development of the standards suffered.

The lack of standards for the public sector forced the Finance department of all the states in the country to individually refer to the board for specific standards (KPMG). The result was that there were three accounting standards that were made in the country in the early 90s.

There were a large number of policy statements that were issued by the country. In 1997 there was a financial reporting council that was set up to make the standards. In this set up the government had kept more control of choosing the members in its own hands. In 2000, a new accounting standards board was formed to take over the existing board. This organization took over the responsibility of setting standards for all types of business organizations.

The countries were looking forward to one set of accounting standards and also acknowledged the importance of having one set of standards in place. There were certain considerations before the country could actually join in the international accounting standards. The way in which the standards will be adopted, the benefits that are perceived by the application, the risks and costs, all these aspects should be considered (Guthrie). The standards will apply to all the bodies that are reporting whether in the private or the public sectors. The non-reporting entities will be asked to apply certain accounting standards that will help them to make their books synchronized.

There will be no alternates within the standards for the public as well as the private firms. The major aim is to have the highest levels of reporting. In this regard the board will require some additional aspects to be disclosed by the companies.

There are two important aspects that can be taken out of this. One is that the government institutions are to be taken in the international umbrella. This step may well bring in some adverse consequences. The outcomes will be judged on the basis of the ability of the system to give a single set of information to the public and the private sectors. The same aspects are focused for the profit and the not- for- profit organizations. The private sector will have more benefits out of the changes that are to take place. The public sector organizations will not be having that much of the benefits.

The actions intended if do not give the desired results, the country will end up with some inadequate and incomplete accounting standards. The language used in the Australian standards is very tough. If the country is to implement some international principles, the language should be converted to something easily understandable.

**Answer 3**

No, it is not appropriate for the foreigners to make laws for the locals. This is for the reason that the foreigners will not be completely updated with the needs and wants of the various parties involved and affected by the decisions made by them there may be some important differences between the laws of this country and the laws of the country to which the foreigners belong. In this scenario the foreigner will not be able to interpret the laws properly. Further the foreigner will also not be able to comprehend the political situation of the country. This is because the case suggests that there was a certain level of agitation on the issue of applying the standards. The foreigner will have limited knowledge of these aspects. The differences in the standards and their application in various countries also make the situation worse for the foreigner. In summary there must be a local person making standards for the country (IIRC). Even a qualified person from the freign country may find it difficult (Guthrie) to work in the local environment.

**Answer 4**

More regulation can be seen as either good or bad. If we see the positive aspects, we can say that there will be more control over the organizations and each and every aspect of the organizations will be covered under the regulations. The uniformity of the accounting books across the country will make it easier for the users of the information to interpret them. It will also make the work of the auditors and government much easier (Bhasin, 2017). The government will also have to consider a standard set or instruction while assessing the organization on the grounds of reporting. The auditors will also have to see through the available single set of instructions as well.   
The down side of the regulations will be that the excess of regulations may hamper the operations of the company. The company may sometimes find it difficult to run the daily aspects of its operations while adhering to the regulations. The companies may also have to incur extra costs in hiring specialists that can exactly interpret and apply the regulations according to the specific company. Some of the companies may find it difficult to adhere to the regulations in the first place. Some of the smaller companies may even leave the business scenario.

In summary there are good and bad aspects of the regulations but the factors that are specific to the companies will define whether the company should go for it or not rather the extent to which the regulations would affect and benefit the company.

**Answer 5**

These two systems are similar mainly due to the same general purpose for both. This is to make some standards that help the organizations to report the financial items in a similar manner. The accuracy and reliability of the accounting information is the main desired outcome of the process. This will increase the benefits of the usage of the financial accounting information to the end users. The public are the end users of the information created by the firms. The main difference lies in the extent to which these regulations are to be applied to the organizations. The difference is also there in the scope of the two systems (IIRC). The scope of the GASB is the government and the scope of the FASB is the overall public sector companies working in the system.

In case of the GASB, it is meant to make sure that the government organizations make and publish the accurate and reliable information regarding their activities. In case of the FASB, it is meant to ensure that the public companies have made their finance and accounting information in such a way that it creates correct and useful information for the users. The most applicable difference is that the end users that will be using the information are different. The citizens who pay their taxes to run the government organizations will be interested in the GASB. In case of the FASB, the end users will be the shareholders and the investors of the company.

The FASB guides on the use of restricted funds in a different way as compared to that of the GASB. The step taken by the board regarding the not- for - profit organizations has been seen as much controversial. This method takes on the first dollar release aspect. This method allows the use of unrestricted funds for the purpose for which the restricted resources are available.

If we talk about the GASB, they concluded that this aspect should not be considered in the government organizations. They considered the first dollar method as the acceptable one as well.

The endowment pledges are treated differently in the two systems. The FASB considers the pledges as permanent restrictions. The GASB does not identify the pledges at all.

The FASB restricts the time restricted cash contributions totally. In case of the GASB, the time restricted cash contributions are considered the deferred liabilities.

The rewriting of the standards will be a time taking and complex process. The new regulations will have to be put in place for these to be applied. Thus there will be much more time and other resources consumed for this activity to take place successfully.

**Answer 6**

In my recommendation the basic structure of the AASB should not be altered. The basic principles or the guidelines to make the standards should be kept in place. The need of the hour is to bring certain improvements to the existing set up rather than bringing in something new from the scratch.

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