

## **FASB align more to IASB**

The US Financial Accounting Standards Board has agreed to work towards the use of the same style of language as appears in the suite of standards being developed jointly with the International Accounting Standards Board.

It is a further step in the US standard setting body's move towards bringing its literature into line with that of the London-based IASB following last October's historic memorandum of understanding, known as the Norwalk Agreement.

That agreement set in concrete a commitment between the two boards to work together to eliminate differences and work jointly on various projects.

US accounting standards are regarded as being complex and prescriptive. This move to adopt the IASB's wording in new accounting pronouncements promulgated is a part of a push towards implementing a less prescriptive or principle-based drafting of accounting standards.

"The Board directed the FASB staff to discuss with the IASB staff the changes that would need to be made to the standards to achieve that objective," a recent edition of the FASB's regular update, Action Alert, states.

Another area of activity has been a conscious effort to involve user groups more frequently in the development of accounting pronouncements, which would include continuing liaison with its new User Advisory Council.

The same Alert reports that FASB members agreed to pursue a broader range of initiatives to seek user input into standard setting developments.

FASB chairman Bob Herz noted in a speech delivered to a forum hosted by the Financial Executives International last November that the UAC is one way of addressing the problem of a lack of user input in the development of accounting pronouncements.

"In terms of constituent relations, while the Board has always received significant and valuable input from preparers, auditors, and regulators, over the years we have heard considerably less from users about their needs and views," Herz said. "Therefore, in order to obtain more active user involvement, we are in the process of establishing a user advisory council, and we will be initiating a series of user forums."

The 41-member UAC held its first meeting in February 2003.

This article was supplied by Tom Ravlic. Tom is a financial journalist who has spent the past seven years covering the accounting profession, accounting and audit standard setting and corporate governance. His work has appeared in various publications including *Business Review Weekly*, *Personal Investment* (now *Personal Investor*), *The Age*, *CFO Magazine*, the *Australian CPA*, the *Company Director Journal* and the newsletters of the internationally renowned Lafferty Group. In addition to his freelance commitment to a wide range of publications, Tom has recently accepted an appointment to be editor of *Chartac Accountancy News*, published by Melbourne-based publisher Crown Content.