

Norwalk agreement



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The Norwalk Agreement The Norwalk Agreement refers to a 2002 Memorandum of Understanding between the Financial Accounting Standards Board (FASB) and the International Accounting Standards Board (IASB) inked at Norwalk, Connecticut. The parties agreed on the following: to harmonize their existing respective financial methods, and; to ensure that such convergence extends even to future work programs. To achieve this harmonization of present and future reporting standards, the parties agreed to launch a short-term project and thereafter, engage in joint programs so that by the first day of 2005, the remaining inconsistencies between their financial reporting standards would finally be eliminated (MOU 2002). The FASB sets the accounting standards in the US, while the IASB performs a parallel function on an international level. Subsequently, the FASB and the IASB met on several occasions to reaffirm their commitment to the earlier agreement. This they did so in April and October of 2005 and on February 27, 2006 reconvened for the purpose of drafting a blueprint of convergence between the FASB's GAAP (Generally Accepted Accounting Principles) and the IASB's IFRS (International Financial Reporting Standards), to be implemented between 2006 and 2008 (Gibson 65). Short-term topics were laid out on the table subject to examination by both or individually by either of the parties as well as major topics. In July 2007, performance reporting was tackled where a proposal to change the layout of the face of financial statements was made. Recent events, such as SEC's announcement of acceptance of IFRS in lieu of GAAP and an agreement signed by Bush allowing use of IFRS instead of GAAP, show a likelihood of adoption of a substantially modified IFRS and the elimination of the US GAAP (Gibson 65; Fletcher 1-4). References: (2002) The Norwalk Agreement. Fletcher, Leslie. <https://assignbuster.com/norwalk-agreement/>

Update on the Norwalk Agreement: Progress Towards IFRS? GAAP

Harmonization. 29 October 2009. [http://www. awscpa.](http://www.awscpa.org/2008conference/handouts/%28A6%29%20Fletcher,%20Leslie%20-%20Update%20on%20Norwalk%20Agreement.pdf)

[org/2008conference/handouts/%28A6%29%20Fletcher,%20Leslie%20-](http://www.awscpa.org/2008conference/handouts/%28A6%29%20Fletcher,%20Leslie%20-%20Update%20on%20Norwalk%20Agreement.pdf)

[%20Update%20on%20Norwalk%20Agreement. pdf.](http://www.awscpa.org/2008conference/handouts/%28A6%29%20Fletcher,%20Leslie%20-%20Update%20on%20Norwalk%20Agreement.pdf) Gibson, Charles.

Financial Reporting and Analysis (Book Only), 11th Edition. Cengage

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