

International writing assignment



International Writing Assignment Kaplan University The three reasons why I believe that the United States should switch to the international financial reporting standards (FIRS) are it would make financial reporting easier if everyone had the same standards, it is internationally understood, and it helps multinational businesses stay up to date in today's market. Switching to FIRS will help companies compare their financial statements easier.

If every country has a different set of financial standards, it is difficult to compare how each company stands because there is one thing lacking ND that is consistency. Also without one set of global standards it will be more difficult to compare their competitors due to extra finances and more time used. When you switch over to using FIRS, granted it will be a change, and a costly one at that. Once it is all set in stone and known by everyone, it will work to our advantage to all be on the same page and be using the same set of guidelines as our international partner's/companies are.

For companies that are already multinational and are thinking about switching over to FIRS, granted at first it is owing to cost them greatly, possibly millions to convert but in the long run it will be to their benefit to do so. It will make it easier on those companies to initiate partnerships due to them having the same financial reporting. An international company that is looking to partner with a company in the United States is more likely to choose a company that is using the same type of financial reporting as they are.

It makes it easier on both companies to look for consistency. It is true that this will be a big change for companies and accountants but there are a few

similarities between the FIRS and US GAP. When it comes to financial statement presentation, they both include a statement of financial position, an income statement, a statement of comprehensive income, and a statement of cash flow. A difference in inventory include, under GAP that LIFO is an acceptable method, but under FIRS it is prohibited. Same cost formula must be applied to all inventories similar in nature or use to the entity. " (Ernst & Young, 2012. Peg. 12) In summary, the United States shifting their accounting standards over to international financial reporting standards (FIRS) from generally accepted counting principles (GAP) is in my opinion a good idea. The shift to FIRS will be beneficial to the United States and the world with the amount of growth that it will bring from globalization.