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The Academic Senate on 18 November 2008 resolved that Parmod Chand had satisfied the requirements for admission to the degree of Doctor of Philosophy.

This thesis represents a major part of the prescribed program of study.

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# **IMPLICATIONS OF THE GLOBAL TREND TOWARDS CONVERGENCE OF FINANCIAL REPORTING STANDARDS**

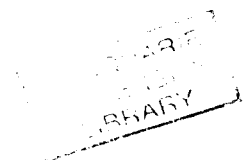
A COMPARATIVE STUDY OF AUSTRALIA AND FIJI

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A thesis submitted to Macquarie University in fulfillment of the requirement for the degree of Doctor of Philosophy in the Division of Economic and Financial Studies.

May 2008



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## Synopsis

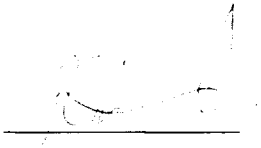
This thesis examines how different countries adopt International Financial Reporting Standards (IFRSs). In particular, it examines whether IFRSs are interpreted and applied in a consistent manner within the South Pacific region. It questions the implicit assumption that accounting convergence will automatically lead to comparability in financial reporting. Adopting a holistic approach, this thesis considers both the *de jure* and *de facto* aspects of comparability in financial reporting. Prior studies have provided evidence that *de jure* consistency may not necessarily result in *de facto* consistency in the application of accounting standards across countries leading to international comparability of financial statements.

The aim of this study is to empirically examine the implication of the trend towards international convergence of financial reporting standards where countries differ significantly in terms of culture, size, structure of the underlying economies, and the related experience of accountants in exercising professional judgments. To address this issue, this study has the following objectives: (1) to discuss the accounting environment in the South Pacific region and examine whether countries adopt and enforce IFRSs in a similar manner in the region; (2) to evaluate the characteristics and significance of prior accounting judgment and decision making studies; (3) to examine whether there are differences in judgments of professional accountants within a country when interpreting and applying IFRSs; and (4) to examine the extent and the cause of differences in judgments between professional accountants across countries when interpreting and applying IFRSs. Four projects were undertaken to achieve these objectives.

This study provides insights into the factors that may be acting as constraints on achieving the objectives of accounting convergence.

## **Statement of Candidate**

The work presented in this thesis has not been submitted for a higher degree to any other university or institution. The source of information used and the extent to which the work of others has been utilized is acknowledged in the thesis. The Ethics Committee's approval has been obtained (Protocol Number: HE03NOV2006-D04918).

A handwritten signature in dark ink, appearing to read 'Parmod Chand', is written above a horizontal line.

Parmod Chand

## **Dedication**

This thesis is dedicated to my parents for their continued love and support.



## **Acknowledgements**

I am indebted to several people and organizations within Australia and Fiji for their comments, assistance and support in completing this thesis. I wish to acknowledge the continuous support and guidance provided by my supervisors, Professor Chris Patel and Professor Hector Perera, throughout the period of this study. Discussions with them on issues relating to my research topic and their comments on all written work were very beneficial. Their guidance in writing up this thesis is greatly appreciated.

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I am hugely indebted to the Fiji Institute of Accountants and the big 4 accounting firms in Fiji and Sydney, Australia for allowing their members to participate in the questionnaire survey. Furthermore, I would like to extend my sincere gratitude to the representatives of the non-big 4 accounting firms in Sydney, Australia who took the time to fill the survey questionnaire that was distributed. Appreciation is also extended to the professional accountants and the accounting

academics of Macquarie University and the University of the South Pacific who participated in the pilot study.

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Lastly, I wish to register my gratitude to my family for providing me with their support during my work on the thesis.

It should be noted that the persons recognized do not bear any responsibility for the shortcomings in the thesis.

# Explanation of Terms and Abbreviations used in this Thesis

AAA	American Accounting Association
AASB	Australian Accounting Standards Board
AASs	Australian Accounting Standards
ADB	Asian Development Bank
AOS	Accounting, Organizations and Society
AR	The Accounting Review
ASEAN	The Association of South-East Asian Nations
CA	Chartered Accountant
CAPA	Confederation of Asian and Pacific Accountants
CAR	Contemporary Accounting Research
CICA	Canadian Institute of Chartered Accountants
CLERP	Corporate Law Economic Reform Program
CPAPNG	Certified Practising Accountants of Papua New Guinea
ED	Exposure Draft
EU	European Union
FASs	Fiji Accounting Standards
FIA	Fiji Institute of Accountants
FRC	Financial Reporting Council
FSA	Financial Services Authority
GDP	Gross Domestic Product
HRA	Human Resource Accounting
IASC/IASB	International Accounting Standards Committee/Board
IASs	International Accounting Standards
IFAC	International Federation of Accountants
IFRIC	International Financial Reporting Interpretations Committee

IFRSs	International Financial Reporting Standards
Indo-Fijians	Fiji Indians
IOSCO	International Organization of Securities Commissions
JAE	Journal of Accounting & Economics
JAR	Journal of Accounting Research
LTO	Long-term Orientation
NZ ASRB	New Zealand - Accounting Standards Review Board
NZ FRSB	New Zealand - Financial Reporting Standards Board
PNG	Papua New Guinea
PNGAS	PNG Accounting Standard
PNGASB	PNG Accounting Standards Board
POMSOX	Port Moresby Stock Exchange
SFAS	Statement of Financial Accounting Standards
SPSE	South Pacific Stock Exchange
UA	Uncertainty Avoidance
UK	United Kingdom
UNDP	United Nations Development Programme
US FASB	United States of America - Financial Accounting Standards Board
US SEC	United States of America - Securities and Exchange Commission
USP	University of the South Pacific
VSM	Values Survey Module
WTO	World Trade Organization