ANALYSIS OF FINANCIAL STATEMENTS FORMAT IN MICRO-FAIR JUDGMENTAL AND MACRO-UNIFORM COUNTRIES

Jonathan Budi Setiawan
Ari Budi Kristanto
Elisabeth Penti Kurniawati

jonathanbudisetiawan@yahoo.com
ari.kristanto@staff.uksw.edu
bet@staff.uksw.edu

SATYA WACANA CHRISTIAN UNIVERSITY
SALATIGA, INDONESIA

Abstract

Prior to the IFRS implementation, the variety of financial statement formats was one of the international capital flow barriers. As the extensive IFRS adoption, the usefulness of converged financial statements is expected to be promoted. This research was conducted to confirm the expectation, by examining whether there were difference of financial statement formats before and after the IFRS adoption, particularly in micro-fair judgmental and macro-uniform countries. The samples which were obtained using purposive sampling method, stands from financial statements of 12 companies from 6 different countries comprising automotive and consumer goods manufacturing companies. This study used descriptive analysis technique to compare the format of the financial statements. While, the comparative analysis was based on IAS 1. The results showed that after the IFRS adoption, there was no difference in the format of financial statements. This finding implies that the financial statements from both micro-fair judgmental and macro-uniform countries have been converged with IFRS.

Keywords : *financial statement format, MNC , IFRS , IAS 1 , Convergent*

Introduction

Nowadays, many companies have developed become multinational companies (MNC). MNC operates and transacts across borders, which require the reporting entity to use international accounting in preparing its financial report. Various factors can affect how the MNC conducts its operations and financial reporting around the world (Choi and Meek, 2011: 1).

MNC's stakeholders include international financial statements' users. They may bear difficulty in understanding the financial statements, due to standards differences among authority border.

Differences in worldwide financial reporting practices can be described by accounting classification, which are extrinsic classifications (consists of Mueller classification) and intrinsic classification (consists of Nair and Frank classification, and Nobes classification). The extrinsic classifications is based on factors Influencing the development of accounting. In contrast, intrinsic classification is based directly on the nature of those systems (Nobes, 2008). This research employs Nobes classification, as part of intrinsic classification which was developed in1970s and 1980s.

ISBN 978-602-19725-8-8

According to Nobes (2008: 65), accounting is classified into micro-fair judgmental (Anglo-Saxon Accounting) and macros uniform. In the micro-fair judgmental countries which have common law system, the disclosures are completely conducted. It because the main source of funding are from the shareholders. Contrary in the countries which have code law system, wide public disclosure are considered to be unnecessary because the source of funding are from the banks and the government.

As the various standard problems, the accounting community invented a financial reporting standard that can be applied broadly across countries to reduce the differences, it is International Financial Reporting Standards (IFRS). After the IFRS implementation, the differences in accounting and financial reporting practices among countries is expected should no longer occur. Therefore, this research is intended to see the degree of convergence of financial statements formats in micro-fair judgmental and macro-uniform countries, before and after IFRS implementation. Convergent itself defined as tending to move toward one point or to approach each other (merriam-webster.com, 2015).

This research had previously been done by Beke (2012), which discuss how local GAAP differ from IAS in the recognition, measurement, and disclosure. Beke (2012) used 800 MNCs from all over the world. Based on previous research conducted by Beke (2012), this research is intended to see the difference and format convergence degree of financial statements in micro-fair judgmental and macro-uniform countries before and after the IFRS implementation. The purpose of this study is to describe the differences in the format of financial statements before and after IFRS in the countries of the micro-fair judgmental and macro-uniform law. Meanwhile, the benefits of this research is to provide an understanding about financial statements format differences in various countries, in their consideration for analyzing financial statements.

Literature review

Factors Affecting the Development of Accounting

There are eight factors that influence the development of accounting in a specific country (Choi and Meek, 2011: 31-34):

1. Sources of funding

   In countries with strong equity market, accounting focus is for management and investors. By contrast, in the countries with weak equity markets, accounting has a focus to creditors (Nobes, 2008: 32).
2. Legal System

   In code law countries, accounting rules incorporated into national law. In contrast to common law countries, it set by professional private sector organizations.
3. Taxation

   Tax laws effectively determine the accounting standards because the company should record their accounts for tax purposes, but in other countries the financial and tax accounting can be different.
4. Political and economic ties

   Many of the developing countries use accounting systems developed by other countries.
5. Inflation

   Inflation can distort the historical cost accounting, so it requires us to evaluate the affect of price changes toward accounting numbers.
6. Level of Economic Development

ISBN 978-602-19725-8-8

Accounting issues are in line with economic development.

7. Level Of Education

The accounting development also depends on country's education level.

8. Culture

Values, behaviors and cultures can also underlie country's institutional arrangements.

Accounting Classification

Some researchers have tried to classify the accounting, either using the data collected by others or with the data they collect themselves (Nobes, 2008; 61). Accounting classification should help describe and compare the international accounting systems by providing an understanding of the complex accounting practices (Beke, 2012). Accounting classification is divided into two, they are classification by clustering and classification by models (Nobes, 2008: 61).

1. Classification by clustering

Frank (1979) which was using Price Waterhousedatain 1973 (the same data for Da Costa, Bourgeois, and Lawson in 1978), found a classification which is easier to understand than the previous classification has been made. This classification is then expanded by Nair and Frank (1980). The characteristics of financial reporting is divided into two, they are one which is related to the measurement and related to the disclosures (Nobes, 2008: 61):

Table 1. Accounting Classification

British Commonwealth Model	Latin American Model	Continental European Model	United States Model
Australia	Argentina	Belgium	Canada
Bahamas	Bolivia	France	Japan
Eire	Brazil	Germany	Mexico
Fiji	Chile	Italy	Panama
Jamaica	Colombia	Spain	Philippines
Kenya	Ethiopia	Sweden	United States
Netherlands	India	Switzerland	
New Zealand	Paraguay	Venezuela	
Pakistan	Peru		
Rhodesia	Uruguay		
Singapore			
South Africa			
Trinidad and Tobago			
United Kingdom			

Source: Nair and Frank 1980 (Nobes, 2008: 61)

2. Classification by using the model

This is classifiying the model into two main classes, which are micro-fair judgmental / microfair and macro uniform. In the micro-fair judgmental countries that have a common law system, the informations are completely disclosed because the main source of funding comes from the shareholders. As for macro uniform countries with code law system, wide public disclosures considered to be unnecessary because the source of funding comes from the banks and the government.

ISBN 978-602-19725-8-8

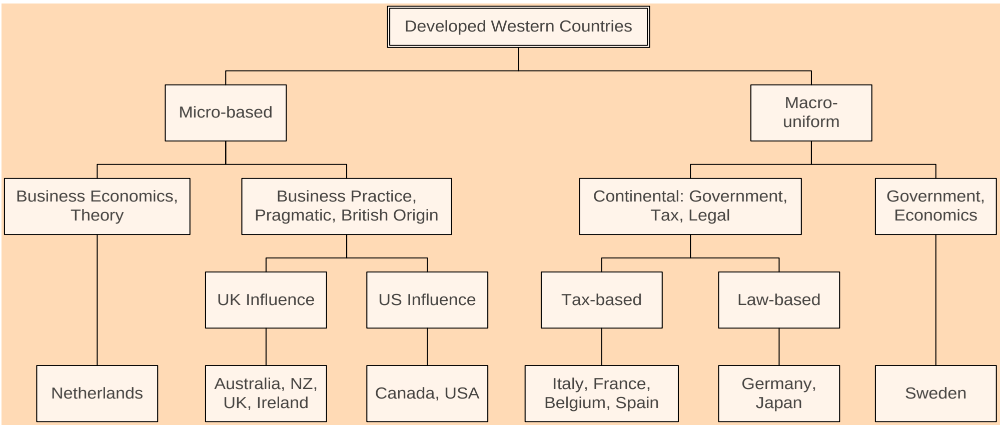
Table 2.Differences of Micro-fair Judgmental and Macro Uniform

Factors	Micro-fair judgmental	Macro-uniform
Capital Market	Accounting is used to assist financial services.	Accounting should provide relevant and reliable information of a company.
Taxation	Accounting has a major role; there is no difference between the financial accounting and tax accounting methods.	Accounting has an indirect role and as a supplement; tax accounting and financial accounting method are clearly distinguished.
National Economic Planning	Ascertain the effects of economic policies reflected in the company's accounts. Providing the input to the industry or accounting reports.	Accounting plays an incidental role. The government relies indirectly, the company prepares a plan of national economy or industry.

Source: Saudagaran (2004)

In 1980, Nobes make classification by using the public companies' financial statements which are largely available. The samples are generally obtained from European companies that have more attention on measurement and valuation (Nobes, 2004: 65).

Figure 1.Accounting classification according to Nobes



Source : Gernon & Meek (2001)

Financial Statement

The financial statements are a structured representation of an entity's financial position and financial performance (IAS 1, paragraph 9). They intend to provide information about the financial position, performance and changes in financial position of an entity (Nandakumar et al., 2010: 11).

Financial Statements Format

Financial Position and Income Statement format becomes a basis for comparison to see the format difference of financial statements provided by countries. First, assets can be presented in ascending order or descending order (Nobes, 2008: 44). Secondly, the financial position can be presented in a two-sides form or report form. In addition, there are several

ISBN 978-602-19725-8-8

countries that require to calculate the total net assets and total net current assets (Nobes, 2008: 44).

Table 3. Financial Position Format

Country	Shape	Order of Liquidity
Australia	Report	Decreasing
France	Two-sides	Increasing
Germany	Report	Increasing
Italy	Two-sides	Increasing
Japan	Two-sides	Decreasing
Spain	Two-sides	Increasing
United Kingdom	Financial position	Increasing
United States	Two-sides or Report	Decreasing

Source: Financial Position format according to Nobes (Nobes, 2008: 44)

As for the income statement format, either vertical form or two-sides form are not become a problem as long as not causing trouble for users. The real problem lies in how to present expenses, by nature or by function. Here are the income statement format usually used in some countries (Nobes, 2008: 46):

Table 4. Format Income Statement

Country	Shape	Cost Combination
Australia	Vertical	Function
France	Two-sides *	Nature
Germany	Vertical	Mainly by Nature
Italy	Vertical	Nature
Japan	Vertical	Function
Spain	Two-sides	Nature
United Kingdom	Vertical	Function
United States	Vertical	Function

* There are several groups of French accounts that use the vertical format.
Source: Format Income Statement according to Nobes (Nobes, 2008: 46)

Financial Statements Format According to IFRS

IAS 1 establishes all the requirements that are useful for presenting the financial statements for public needs, which outlines the structure and minimum requirements for its content and disclosure (Nandakumar et al., 2010: 17). According to Doupnik and Perrera (2007: 95), IAS 1 requires companies to classify assets and liabilities as current and noncurrent in the financial position, except when the liquidity based presentation provides more reliable and more relevant information. Other reporting formats can be accepted as long as it has the ability to illustrate current and noncurrent assets clearly. The components of financial statements, must include a series of Income Statement, Statement of Changes Equity, Statement of Financial Position, Statement of Cash Flow, and Notes of the Financial Statement.

ISBN 978-602-19725-8-8

Table 5. Illustration Statement of Comprehensive Income based on IAS 1 (two reports)

MODEL COMPANY Consolidated Income Statement For the year ended December 31, Year 1 (in thousands of currency units)	
Nature of Expense Format	**Function of Expense Format**
Revenue	**Revenue**
Other income	Cost of sales
Changes in inventories of finished goods and work in progress	**Gross profit**
	Other income
Raw materials and consumables used	Distribution cost
Employee benefits expense	Administrative expenses
Depreciation and amortization expense	Other operating expenses
Other operating expenses	**Operating profit (or loss)**
Operating profit (or loss)	Finance costs
Finance costs	Equity method income (loss)
Equity method income (loss)	**Profit (or loss) before tax**
Profit (or loss) before tax	Income tax expense
Income tax expense	**Profit (loss)**
Profit (loss)	Attributable to:
Attributable to:	Parent company shareholders
Parent company shareholders	Minority interest
Minority interest	

MODEL COMPANY Consolidated Statement of Comprehensive Income For the year ended December 31, Year 1 (in thousands of currency units)
Profit (loss)
Other comprehensive income
Total comprehensive income
Attributable to:
Parent company shareholders
Minority interest

Source: Statement of Comprehensive Income (based on IAS 1 paragraph 81-105), processed

Table 6. Illustration of Statement of Changes in Equity based on IAS 1

MODEL COMPANY Consolidated Statement of Changes of Equity At December 31, Year 1 (in thousands of currency units)
1 January (Originally)
Retrospective Application or Retrospective Restatement (if any)
1 January (Adjusted)
Profit or Loss
Other comprehensive income
Transaction with Owners
30 December (Adjusted)

Source: Statement of Changes in Equity (based on IAS 1 paragraph 106-110), processed

ISBN 978-602-19725-8-8

Table 7. Illustration of Statement of Financial Position based on IAS 1

MODEL COMPANY
Consolidated Statement of Financial Position
At December 31, Year 1
(in thousands of currency units)

Assets	**Equity and Liabilities**
Noncurrent assets	**Equity**
Property, plant, and equipment	Issued capital and reserves attributable to owners of the parent
Investment property	Non-controlling interest (presented within equity)
Intangible assets	**Total equity**
Financial assets	**Noncurrent liabilities**
Investments accounted for using the equity method	Deferred taxes liabilities
Biological assets	Financial liabilities
Deferred tax assets	Provisions
Current assets	**Current liabilities**
Current tax assets	Current tax liabilities
Inventories	Financial liabilities
Trade and other receivables	Provisions
Cash and cash equivalents	Trade and other payables
Assets held for sale	Liabilities held for sale
Total assets	**Total liabilities**
	Total equity and liabilities

Source: Statement of Financial Position (based on IAS 1 paragraph 54-80), processed

Table 8.Illustration of Statement of Cash Flows based on IAS 1 (in accordance with IAS 7)

MODEL COMPANY
Consolidated Statement of Cash Flows
At December 31, Year 1
(in thousands of currency units)

Operating Activities
In Flow
Out Flow
Cash Flow from Operating Activities
Investing Activities
In Flow
Out Flow
Cash Flow from Investing Activities
Financing Activities
In Flow
Out Flow
Cash Flow from Financing Activities
Effect of exchanges rate
Total changes of cash and cash equivalent
Cash and cash equivalent at as 1 January
Cash and cash equivalent at as 31 December

Source: Statement of Cash Flows (based on IAS 7), processed

ISBN 978-602-19725-8-8

Research methods

Types and Sources of Data

Data used in this study are secondary data, which are the financial statements of multinational firms before and after the implementation of IFRS, in micro-fair judgmental and macro-uniform countries. The sample companies are public company. The data are obtained from the companies' website.

Table 9.Financial Statements Periods Used in The Study

Company Name	Listing	The Country	Year Application of IFRS *	Financial Statements Period	
				Before IFRS	After IFRS
Spykers Cars NV	Euronext Amsterdam (until 16th Sept 2013)	The Netherlands	2005	2004	2011
Surface Transform PLC	London Stock Exchange	United Kingdom	2005	2005	2012
Linamar Corporation	Toronto Stock Exchange	Canada	2012	2010	2012
FIAT	Borsa Italiana	Italy	2005	2003	2011
BMW Group	Boerse Berlin	Germany	2005	2000	2011
VOLVO	NASDAQ OMX Nordic	Sweden	2005	2004	2011
CSM	Euronext Amsterdam	The Netherlands	2005	2003	2012
Dairy Crest	London Stock Exchange	United Kingdom	2005	2004	2013
Saputo Inc.	Toronto Stock Exchange	Canada	2012	2011	2013
La Doria	Borsa Italiana	Italy	2005	2004	2012
Frosta AG	Boerse Berlin	Germany	2005	2004	2012
Axfood	NASDAQ OMX Nordic	Sweden	2005	2004	2012

* Data obtained from Jurisdiction Profiles in IFRS website (www.ifrs.org/Use-around-the-world/Pages/Jurisdiction-profiles.aspx)
Source: Website of each company

Population and Sample

The population of this research are the company's financial statements from micro-fair judgmental and macro-uniform countries. The sample used in this research are manufacturing companies' financial statements in automotive and consumer goods industryin countries judgmental fair micro- and macro-uniform before and after IFRS.
The financial statements used in this study came from the Netherlands, the UK, Canada, Italy, Germany, and Sweden in accordance with the accounting classification made by Nobes. This research uses 12 financial statements before IFRS and 12 financial statements after IFRS for the 2011-2013. The purposive sampling method is employed to select samples, to obtain information from specific target groups (Sekaran and Bougie, 2009: 276). The sampling criteria are : financial statements of public companies, provided the financial

ISBN 978-602-17725-8-8

statements before and after IFRS, and its products are consumed by consumers worldwide. The purposive sampling Method consists of two types, judgment sampling and quota sampling (Sekaran and Bougie, 2009: 277).

Data Analysis Techniques

This research employs a comparative descriptive analysis technique to compare the format of financial statements of two groups before and after IFRS. This research aims to describe the characteristics and phenomena of the population by comparing the format of financial statements before and after IFRS.

Data analysis

Company Profile

This study used 12 companies from 6 different countries. Each country is represented by an automotive and an consumer goods company. The following table summarize the companyprofiles used as samples in this study:

Table 10. Summary of Company Profile

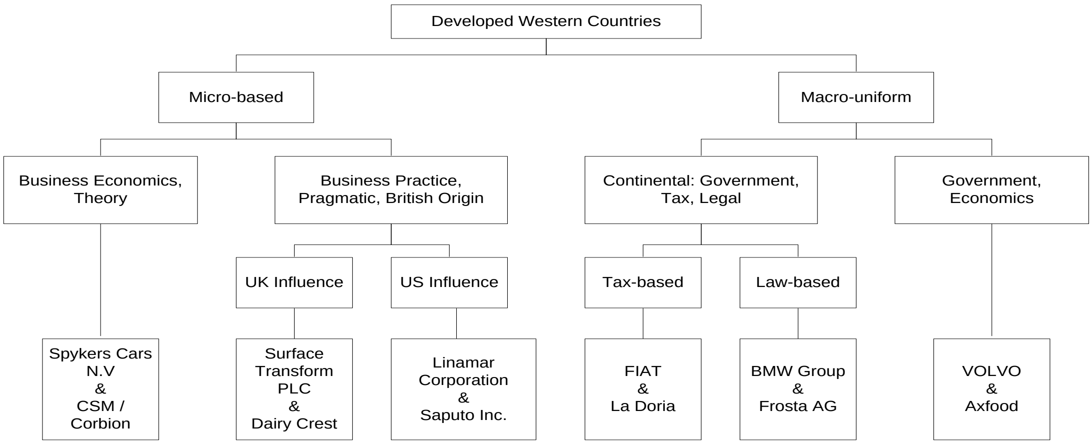
Company Name	Year Established	Industry	Classification Nobes
Spykers Cars N.V.	1880	Automotive	Micro Based – Business Economics, Theory
Surface Transform PLC	1992	Otomotif	Micro Based – Business Practice, Pragmatic, British Origin – UK Influence
Linamar Corporation	1966	Otomotif	Micro Based – Business Practice, Pragmatic, British Origin – US Influence
FIAT	1899	Automotive	Macro Uniform – Continental: Government, Tax, Legal – Tax Based
BMW Group	1916	Automotive	Macro Uniform – Continental: Government, Tax, Legal – Legal Based
VOLVO	1927	Automotive	Macro Uniform – Government, Economics
CSM	1919	Consumer Goods	Micro Based – Business Economics, Theory
Dairy Crest	1981	Consumer Goods	Micro Based – Business Practice, Pragmatic, British Origin – UK Influence
Saputo Inc.	1954	Consumer Goods	Micro Based – Business Practice, Pragmatic, British Origin – US Influence
La Doria	1954	Consumer Goods	Macro Uniform – Continental: Government, Tax, Legal – Tax Based
Frosta AG	1905	Consumer Goods	Macro Uniform – Continental: Government, Tax, Legal – Legal Based
Axfood	2000	Consumer Goods	Macro Uniform – Government, Economics

Source: Website of each company

Below is classification of companies used as sample in this study, according to Nobes (2008):

ISBN 978-602-19725-8-8

Figure 2. The classification of companies According to Nobes (2008)



Source : Nobes (2008)

The samples of financial statements are being compared its format, before and after the implementation of IFRS. In this study, not all paragraphs in IAS 1 are referred, but the financial reporting format related verses. This study oversee at the financial statement format suitability with IAS 1. This research use only items that is mandatory. For any accordance with IAS 1, it is scored with "1". Otherwise, for any in accordancewith IAS 1, it is scored with "0".

Financial Statements Format Before and After The IFRS Implementation

Reporting Entity Information According to IAS 1 Paragraph 9

Before IFRS implementation, all information about reporting entities have been presented in accordance with IAS 1 paragraph 9 with 88.89% conformity percentage. It is reached 100% conformity percentage after the IFRS implementation. Before the implementation, information of “contributions by and distributions to owners in their capacity as owners” in Spykers Cars NV, Surface Transform PLC, FIAT, BMW Group, CSM, Dairy Crest, La Doria, and Frosta AG are not presented, because they do not provide statement of changes in equity.

A Complete Set of Financial Statements in Accordance With IAS 1 Paragraph 10

A complete set of financial statements in accordance with IAS 1 paragraph 10 was presented by each company 83.33% conformity percentage before IFRS implementation, and rise to 100% after the implementation. In some companies the statement of financial position and statement of comprehensive income are presented using title other than what IAS 1 required. This title difference are not become significant problem. Furthermore, several companies do not present statements of changes in equity and statement of cash flow.

ISBN 978-602-19725-8-8

The Information Should be Clearly Presented by the Financial Statements in Accordance with IAS 1 paragraph 50

The information should be presented in the financial statements i.e. the name of the company issuing the financial statements, clarity about individual or business group reporting entity, the date or period of reporting, reporting currency and the level of rounding in accordance with IAS 1 paragraph 50. The data show a 98.33% conformity percentage . It is increase to 100% after the IFRS implementation

Minimum Information provided in The Statement of Financial Position in Accordance With IAS 1 paragraph 54

The minimum information which should be presented are property, plant and equipment; intangible assets; inventories; trade and other receivables; cash and cash equivalents; trade and other payables; provisions, liabilities and assets for current tax; deferred tax liabilities and deferred tax assets; non-controlling interest presented within equity; and issued capital and reserves attributable to owners of the parent. It is based on paragraph 54 of IAS 1. All companies have presented minimum items as paragraph 54 of IAS 1, with a conformity percentage of 90.15% before the IFRS implementation. It increase to 94.70% after the implementation. Information on investment; financial asset; biological assets; financial liabilities; are not used in this convergence degree assessment.

The Items Presented in Statement of Financial Position in accordance with IAS 1 paragraph 60

All the companies presenting items in the statement of financial position based on current and non-current . IAS 1 paragraph 60 also permits the presentation based on its liquidity if it provides better information than the presentation based on current and non-current . IAS 1 does not have further ruling for two-sides or report format. Presentation of items in the statement of financial position in accordance with paragraph 60 of IAS 1 reach a 100% conformity percentage for both before and after the IFRS implementation.

Statement of Comprehensive Income Format According to IAS 1 paragraph 81

No sample companies provide statement of comprehensive income, but Linamar Corporation, so it reach 8.33% conformity percentage before the IFRS implementation. But it reach to 100% after the IFRS implementation. IAS 1 paragraph 91 permits either a single report format (profit or loss and other comprehensive income are combined in one report) or two statements format (the first report showing the income statement and the other presenting the statement of comprehensive income). The two reports format presented by Spykers Cars NV, Linamar Corporation, FIAT, BMW Group, VOLVO, CSM, Dairy Crest, Saputo Inc., and La Doria. On the other hand, single report format presented by Surface Transform PLC, Frosta AG, and Axfood.

ISBN 978-602-19725-8-8

Minimum Information provided in The Statement of Comprehensive Income in Accordance With IAS 1paragraph 82

The minimum information should be presented are revenue, finance costs, tax expense, and profit or loss of the statement of comprehensive income. It is basedon IAS 1 paragraph 82. Prior to IFRS implementation, all companies have presented those items, with a conformity percentage of 69.44%. After the IFRS implementation, the conformity percentage increase up to 100%.

Expense classification in the statement of comprehensive income according to IAS 1 paragraph 99

IAS 1 paragraph 99 permits the classification of expenses in the statement of comprehensive income eitherby function or by nature, which provides information that is more reliable and relevant. Moreover, IAS 1 does not have further ruling for vertical or two-sides reporting format. Prior to IFRS implementation, all sample companies classify their expenses by function in the statement of comprehensive income, except Ford BMW Group which uses nature expense format. The classification of expense in the statement of comprehensive income in accordance with paragraph 99 of IAS 1 reach 100% conformity percentage After the IFRS implementation, the conformity percentage increase up to 100%.

Minimum Information provided in The Statement of Changes in Equity in Accordance With IAS 1 paragraph 106

Prior to IFRS implementation several companies are excluded from the analysis because they do not present the statement of changes in equity. The minimum information should be presented are total comprehensive income for the period and reconciliations between the carrying amounts at the beginning and the end of the period for call now component of equity. It based on IAS 1 paragraph 106, which has been presented by Linamar Corporation, VOLVO, Saputo Inc., and Axfood AB with 33.33% conformity percentage, but increase up to 100% after the IFRS implementation. The effects of retrospective application is excluded from the assessment.

Statement of Cash FlowsPresentation in accordance with IAS 1 paragraph 111

All companies except FIAT and La Doria present statement of cash flowsin accordance with IAS 7 as required by IAS 1 paragraph 111, with the conformity percentage of 83.33%. Prior to the adoption of IFRS, the statement of cash flow are presented based on local GAAP. But after the IFRS, IAS 7 is implemented to cashflow statement at 100% conformity percentage.

Minimum Information Provided in The Notes of Financial Statements in accordance with IAS 1 paragraph 114

The minimum information should be presented are statement of compliance with IFRSs; summary of significant accounting policies applied; supporting information;and other disclosure. It is based on IAS 1 paragraph 114. All companies have presented those items, with a conformity percentage of 75% before the IFRS implementation. Prior to the adoption

ISBN 978-602-19725-8-8

of IFRS, companies still rely on local GAAP as the basis for preparing its financial statements, so that there is no information regarding the statement of compliance with IFRSs. But after the IFRS implementation, it increase up to 100%.

Convergent Financial Statements

The analysis of financial statements' conformity percentage level toward IFRS is conducted based on IAS 1. The more conform to IFRS, the level of conformity will be close to 100%. The conformity level after the IFRS implementation which are greater (>) than the level before IFRS implementation indicate the more convergent financial statements.
IFRS harmonizes the difference of financial statements'among countries, although the conformity level on assessment of IAS 1 paragraph 54 (minimum information provided in the statement of financial position) has not reached 100%. The average conformity percentage prior to the IFRS implementation is 81.6%. Meanwhile, it reaches 98,6% after the implementation of IFRS, which shows us that financial statements are more convergent.

Conclusions and implications

Conclusion

Prior to the adoption of IFRS, each company presenting financial statements with different formats. This is because the existence of local GAAP in each country. After the implementation of IFRS, the differences in accounting practices,information presentation and financial statements formats variations no longer exist.
There are no more differences in financial statements presentation by the MNC, as the same standards. The standard implementation increases and promotethe convergent financial statement after the implementation of IFRS.Although the assessment of IAS 1 paragraph 54 (minimum information contained in the statement of financial position) level of fitness has not reached to 100%.

Theoretical Implications
Previous research conducted by Beke (2012) state that IAS 1, including one of standard which is easy to bring to convergence. The financial statements format are more convergent after the IFRS implementation.

Applied Implications
1. Application of IAS 1 in some companies, particularly in regarding to the minimum information provided in the statement of financial position should be adjusted to what is required by IAS 1. If there any items that can not be presented in the financial statements, it should be disclosed in the notes of the financial statements
2. Companies should consistent in choosing method to present an items in the statement of financial position as current and non-current. Many companies classify assets as current assets and non-current assets, but they do not classify the liabilities as current liabilities and non-current liabilities .

ISBN 978-602-19725-8-8

Research Limitations

The research analyze the convergence level of financial statements based on compliance with IAS 1, but does not consider the influence of other factors may affect the convergence, such as source of funding, the legal system, taxation, political and economic ties, inflation, level of economic development, education, and culture.

Suggestions for Further Research

Future research should consider the influence of other factors such as sources of funding, the legal system, taxation, political and economic ties, inflation, level of economic development, education, and culture toward financial reporting and country specific accounting practices.

BIBLIOGRAPHY

AICPA | IFRS Resources. (2013). "IFRS FAQs". http://www.ifrs.com/ifrs_faqs.html#q1. (accessed October 19 , 2013).

Axfood AB. (2004). "Axfood AB Annual Report 2004". http://investor.axfood.se/files/axfood_annual_2004en.pdf. (accessed November 9, 2013).

Axfood AB. (2012). "Axfood AB Annual Report 2012". http://investor.axfood.se/files/axfood_ar_2012_en.pdf. (Accessed November9, 2013).

Beke, Jeno, (2012), "Comparative Analyses in International Accounting Information Systems", International Management Journal,Vol. 1, No. 1-2. http://www.journalshub.com/mrp-admin/journal/pdf/1--imj2012.pdf. (Accessed September 24, 2012).

BMW Group. (2000). "BMW Group Annual Report 2000". http://www.bmwgroup.com/publikationen/e/2002/pdf/01_BMW_GeBe2000_en.pdf. (Accessed October 24, 2012).

BMW Group. (2011). "BMW Group Annual Report 2011". http://annual-report2011.com/bmwgroup/annual/ 2011/gb/English/pdf/report2011.pdf. (Accessed October 242012).

Choi, Frederick D. S. andMeek, Gary K, (2011), "International Accounting", 7th Edition, Pearson Prentice Hall, USA.

CSM N.V. (2003). "CSM Annual Report 2003". http://www.corbion.com/_sana_/handlers/getfile.ashx/84aad55d-9bb4-4e32-8d09-2220beada387/CSM+annual+report+2003.pdf. (Accessed November 9, 2013).

CSM N.V. (2012). "CSM Annual Report 2012". http://www.corbion.com/_sana_/handlers/getfile.ashx/1ffc0ea6-fd6e-41c3-ac69-1de9379322f6/CSM_Annual+report_2012.pdf. (Accessed November 9, 2013).

Dairy Crest. (2004). "Dairy Crest Annual Report 2004". http://www.dairycrest.co.uk/~/media/Files/D/Dairy-Crest-Group/reports-and-presentations/archive/dairycrest-annual-report-2004.pdf. (Accessed November 9, 2013).

Dairy Crest. (2013). "Dairy Crest Annual Report 2013". http://www.dairycrest.co.uk/~/media/Files/D/Dairy-Crest-Group/reports-and-presentations/2013/dairy-crest-ar-2013.pdf. (Accessed November 9, 2013).

Doupnik, Timothy dan Perrera H., "2007", "International Accounting", International Edition 2007. MC Graw Hill, New York.

ISBN 978-602-19725-8-8

FIAT Group. (2003). "FIAT Group Annual Report 2003". http://www.fiatspa.com/en-US/investor_relations/financial_reports/FiatDocuments/Bilanci/2003/Bilancio_UK_completo_al_08ott04.pdf. (Accessed October 24, 2012).

FIAT Group. (2011). "FIAT Group Annual Report 2011". http://www.fiatspa.com/en-US/investor_relations/financial_reports/FiatDocuments/Bilanci/2011/Fiat_AnnualReport_2011_ENG.pdf. (Accessed October 24, 2012).

Frosta AG. (2004). "Frosta AG Annual Report 2004". http://www.frosta-ag.com/fileadmin/user_upload/Medien/Geschaefts-Zwischenberichte/Frosta-Geschaeftsbericht_2004_englisch.pdf. (Accessed November 9, 2013).

Frosta AG. (2012). "Frosta AG Annual Report 2012".http://www.frosta-ag.com/fileadmin/user_upload/Medien/Geschaefts-Zwischenberichte/FROSTA_GB2012-E-final.pdf. (Accessed November 9, 2013).

Gernon, H dan Meek, Gary K., (2001), "Accounting: An International Perspective", 5th Edition, MC Graw Hill, New York.

IFRS. (2013). Acces the unaccompanied standards and their technical summaries. www.ifrs.org/IFRSs/Pages/IFRS.aspx. (Accessed October 11, 2013).

IFRS. (2013). "About the IFRS Foundation and the IASB". www.ifrs.org/The-organisation/Pages/IFRS-Foundation-and-the-IASB.aspx. (Accessed October 11, 2013).

IFRS. (2014). "IFRS Application Around the World". www.ifrs.org/Use-around-the-world/Pages/Jurisdiction-profiles.aspx. (Accessed January 17, 2014).

IAS Plus. (2013). "IAS 1 Presentation of Financial Statement". http://www.iasplus.com/en/standards/ias/ias1. (Accessed September 20, 2013).

La Doria. (2004). "La Doria Annual Report 2004". http://www.gruppoladoria.com/public/Bilancio2004inglese%20_DEF.pdf. (Accessed November 9, 2013).

La Doria. (2012). "La Doria Annual Report 2012". http://www.gruppoladoria.com/public/Bilancio%202012%20(inglese).pdf. (Accessed November 9, 2013).

Linamar Corporation. (2010). "Linamar Corporation Annual Report 2010". http://www.linamar.com/sites/default/files/2010_-_annual_report.pdf. (Accessed November 25, 2013).

Linamar Corporation. (2012). "Linamar Corporation Annual Report 2012". http://www.linamar.com/sites/default/files/2012_-_annual_report.pdf. (Accessed November 25, 2013).

Nandakumar, A., Metha, Kalpesh J., Ghosh, T.P., dan Alkafaji, Yass A., (2010), "Understanding IFRS Fundamentals", Wiley, USA.

Nobes, Christopher dan Parker, Robert, (2008), "Comparative International Accounting", 10th Edition, Pearson Prentice Hall, UK.

Reeve, James M., Warren, Carl S. dan Duchac, Jonathan E., (2012), "Principles of Accounting", 24th Edition, South Western Empat, Indonesia.

Saputo Inc. (2011). "Saputo Inc Annual Report 2011". http://www.saputo.com/uploadedFiles/Saputo/investors-and-medias/financial-documents/FinStatements2011_EN.pdf. (Accessed November 25, 2013).

Saputo Inc. (2013). "Saputo Inc Annual Report 2013". http://www.saputo.com/uploadedFiles/Saputo/investors-and-medias/financial-documents/SAP_2013_FINANCIAL%20STATEMENTS_EN.pdf. (Accessed November 25, 2013).

Saudagaran, Shahrokh M., (2004), "International Accounting A User Persepective", Thomson Leraning, USA.

ISBN 978-602-19725-8-8

Sekaran, Uma dan Bougie, Roger, (2009), **"**Research method forBusiness", 5th Edition,John Wiley & Sons, Inc, UK.

Surface Transform PLC. (2005). "Surface Transform Annual Report 2005". http://www.surfacetransforms.com/files/annual_report_2005_final.pdf. (Accessed October28, 2013).

Surface Transform PLC. (2012). "Surface Transform Annual Report 2012". http://www.surfacetransforms.com/files/annual_report_2012.pdf. (Accessed October28, 2013).

Spykers Cars Naaamloze Vennootschap (Spykers Cars N.V.). (2004). "Annual Report 2004". http://www.spykercars.com/company/investors. (Accessed July 17, 2013).

Spykers Cars Naaamloze Vennootschap (Spykers Cars N.V.). (2011). "Annual Report 2011". http://www.spykercars.com/uploads/investors/2012.05 .01_Annual_Report_2011_.pdf.1(Accessed Juli 7, 2013).

VOLVO Group. (2004). "VOLVO Group Annual Report 2004". http://www3.volvo.com /investors/finrep/ar04/fin_rep_2004_eng.pdf. (Accessed October 24, 2012).

VOLVO Group. (2011). "VOLVO Group Annual Report 2011". http://www3.volvo.com /investors/finrep/ar_2011_eng.pdf. (Accessed October 24, 2012.

Wibisono, Dermawan, (2003), "Riset Bisnis", Gramedia, Jakarta.

ISBN 978-602-19725-8-8