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EMERGING ISSUES IN INTERNATIONAL ACCOUNTING AND THEIR EFFECTS ON GLOBAL FINANCIAL REPORTING (A COMPARATIVE STUDY OF UNITED STATE, CHINA, GERMANY AND NIGERIA)

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Abstract

This paper focused on Emerging issues in international accounting and their effects, on financial reporting. (A comparative study of United State, Germany, China and Nigeria). Attempts were made to answer the following questions relating to the emerging issues such as; Supremacy of National GAAP; Disclosures in financial statement; Pace of accounting technology; Currency translation gains/losses and how all these affect financial reporting. An exploratory research design was employed wherein results from previous researchers were explored and some financial statement of companies from the countries under the comparative study were adequately scrutinized. The evidence from the study revealed that, there is a significant relationship between cultural differences and disclosure requirements, and there is no supremacy of National GAAP as each country's GAAP was built on the socio-economic, political and cultural framework of individual country. Pace of Accounting Technology on the other hand ought to keep to the demand place on it even though such adjustment could be costly.

For countries experiencing inflation, inflation adjusted financial statements must be included in the financial statements to report on the effect of inflation on company's income statements and balance sheet.

INTRODUCTION

According to Mueller, Gernon and Meek (1997), no two country's Generally Acceptable accounting Principles (GAAP) is the same, and whereas no two countries have identical financial accounting practices. Each being a unique mixture of environmental variables that together has influenced the pattern of accounting development in that country. And accounting principles according to Microsoft Encarta (1997) include those procedures, system of assumptions, doctrines, tenets, and conventions, all encompassed by the phrase "generally accepted accounting principles." To be observed by individual countries in the preparation and presentation of financial statements, where these principles are developed based on socio-economic, political and cultural necessities of the country, it affect the way and manner such country measures its economic transactions and events and how much information to be disclosed. Why then should a country be asked to translate their financial statements to suit another country's own GAAP? As was the case between the U.S.SEC and Demler Benz of Germany in 1993 as reported by Mathew and Perera (1996). Hence the question, is there supremacy of National GAAP? Other important areas in consonance with emerging issues in international accounting include the following:-

- Is there a relationship between cultural or racial differences and disclosure in financial statements?
- Is accounting technology keeping pace with the demand placed on it?
- Is supplementary inflation adjusted financial statement provided by companies?
- Is currency translation gain and losses reflected in current income statements?
- What will become of global harmonization when regional harmonization is marching on?

Many researchers asserted that international accounting was not only an important research area in its own right, looking at transnational issues and multinational enterprises, but also important in giving an opportunity to develop domestic research by providing a 'laboratory' for the analysis of national accounting issues. Once international accounting became accepted as an important area to be investigated, researchers attempted to identify key environmental factors which influenced and explained accounting diversity and also attempted to classify different national accounting systems and practices. Factors, that might be relevant as the causes of international differences include the main elements named culture, politics, economics, and legal system; additionally they contain the definition of providers of finance, taxation, the profession, inflation, and theory; also the other factors are counted as language, history, religion and education conditions. The question is "*which factor or paradigm forms the accounting environment?*" Cultural seems of the important factors this design as politics and economics. Hofstede (1980) attempted to argue the processes of cultural dimension and accounting behavior. Gray (1985) developed the link between culture and accounting value; his claim was provided a sense of provability about cultural effect. Culture has dominant character among the environmental influence. Radebaugh (1975) emphasized that culture was presented by the change of social system. In addition, Radebaugh and Gray discuss the issue of cultural influence on reporting practice in detail. Through a comparative study, they conclude that despite the existence of standards, each country's reporting practice is greatly influenced by its culture and history.

MATERIALS AND METHODS

Measuring International Culture

Culture may be defined as 'the collective programming of the mind which distinguishes the members of one human group from another' (Hofstede, 1980). Each human group shares its own societal norms, consisting of common characteristics, such as a value system which is adopted by the majority of constituents. Values are defined by Hofstede (1980) as 'a broad tendency to prefer certain states of affairs over others'. It is these definitions that have been widely adopted in accounting research to develop a cultural framework to investigate international accounting differences.

Hofstede's (1980) work on culture represents the most extensive research on national cultural differences to date (Doupnike & Tsakumis, 2004). From attitude surveys collected from approximately 116,000 IBM employees across 39 countries, Hofstede identified four underlying value dimensions along which each country can be positioned. These societal values are: individualism versus collectivism; large versus small power distance; strong versus weak uncertainly avoidance, and' masculinity versus femininity. Across these dimensions, Hofstede's framework provides quantitative measures for each of the sample countries. This broad sample of quantitative data has attracted many researchers studying cross-cultural differences because the measures are seen as reliable for use as independent variables in statistical analysis. Some of these empirical studies will be examined later in this paper.

Comparative accounting and Classification of accounting developments

International comparative accounting research has contributed to a growing realization that fundamentally different accounting patterns exist, which are argued to result from environmental differences, and that international classification differences might have significant implications for harmonization and economic integrations. The national accounting practices were enforced to comply with international accounting practices by the international harmonization process of the Accounting Standards. A classification in accounting may also help to shape development rather than merely to describe how things are. Classification facilitates the study of the logic and the difficulties facing harmonization. The harmonization process was seen specifically as a movement of harmonization of commercial laws; but there were a lot of variables which might distort the process, such as national legal systems, culture, taxation system, religion.

But the classification variables have to be determined among the most powerfully differentiating factors which are related to measure the national accounting characteristics.

Cultural influence on accounting environment

The focus on the role of culture on accounting was first considered in many international business literatures and has become an important area of research mainly since the 1980's within international accounting. For example; Hofstede (1984), Gray (1985), Mueller (1992, Nobes (2004), Choi-Mueller (2005) have all worked on culture and accounting.

Hofstede's and Gray's contribution

The importance of Hofstede's dimensions of national culture in the International Accounting is national culture's influences on the behavior of accounting and after that, derived behaviour' affections on the nature of Accounting Practices. The dimensions as individualism and uncertainty avoidance are most significant for Accounting. For example, it was argued that in a country with **high uncertainty avoidance, efforts are made to minimize uncertainty.** This means in the area of Accounting that rules and regulations tend to be rather explicit, detailed, prescriptive, all comprising and rigid. Individualism affects accounting in terms of disclosure practices and income measurement rules. Gray, following Hofstede, defined culture as the value system shared by major groups of populations. Accounting to Gray, in a theoretical way, linking accounting and culture within which the impact of culture on accounting values and accounting changes could be assessed. Gray's theory is constructed from the societal values which are originated accounting subculture. The value systems of accountants are derived from cultural or societal values with specific reference to work-related values. **Accounting values in turn influence accounting practices, including the reporting and disclosure of information.** Thus, depending on the varying of external and ecological forces shaping societal values, different accounting systems develop, reflect and reinforce these values. Accounting values, in turn, affect accounting system; therefore cultural factors directly influence the development of accounting and financial reporting systems at a national level.

This argument supports the contention that each culture should develop its own accounting systems to serve its own distinct requirements: Gray went on to suggest there should be a close match between culture areas and patterns of accounting systems. This is the basis upon which Gray rests his theory of cultural relevance to accounting. Gray extended Hofstede's model by hypothesizing the existence of an accounting subsystem which drew its value system from the primary societal value system; in the hypotheses which were interested in culture, it was argued that combination of accounting sub-cultural dimension have considerable influence on accounting. Gray developed four accounting value which were based on Hofstede's model. Gray's accounting values were represented as follows:

- Professionalism versus statutory control
- Uniformity versus flexibility
- Conservatism versus optimism
- Secrecy versus transparency

Gray classes ten cultural areas according to his four accounting values. First, it is classified that the cultural areas according to their attitudes towards regulations. Hence, the values are put as professionalism versus statutory control and uniformity versus flexibility at extremes. Second, Gray classes the cultural areas according to measurement and disclosure practices. The values are named as conservatism versus optimism and secrecy versus transparency. Gray differentiates between:

- Regulation authority in accounting and
- Measurement and disclosure practices.

The accounting values most relevant to the professional or statutory authority for accounting systems as well as their enforcement appear to be professionalism and uniformity. Both are concerned with regulation and the degree of enforcement or conformity. Gray also proposed hypotheses that linked the accounting values. These hypotheses were an attempt to link cultural values to accounting values which themselves were linked to four aspects of accounting practice. Gray's model was a way of trying to understand the impact of culture on accounting, and a specific level which operationalise the links between cultures, accounting values and accounting practices. In particular, Gray suggested that:

- Professionalism would influence the nature of authority for the accounting system.
- The degree of uniformity preferred would influence the way in which the accounting system was applied.
- The amount of conservatism preferred would influence the measurement practices within the system.
- The degree of secrecy preferred would influence the extent of disclosure in the accounting system.

Mueller, Nobes and Choi-Mueller's Contribution

Mueller recognized a wider set of influences, such as legal system, political system, and social climate, as relevant to accounting development, though without offering precise specification. Mueller gave no expressed recognition to cultural factors, which were presumably subsumed within the set of environmental factors he identified. Mueller's further work was about classifying international accounting which linked to different types of accounting systems.

Mueller's environmental analysis was adapted and extended by Nobes, who based his hypothetical classification on an evolutionary approach to the identification of measurement practices in developed Western nations. However, like Mueller, Nobes made no literal mention of cultural factors. Nobes made a basic distinction between microeconomic and macroeconomic systems, and a further disaggregation between business economic and business practice orientation under the micro-based classification. Under the macro-uniform based classification, he made a disaggregation between a government/tax/legal orientation and a government-economics orientation.

Mueller and Choi together got a result; they claimed that international accounting concepts are based on derived environmental analysis. This opinion presents that any accounting innovations or development are activated by non accounting elements and they gave a list that they believed to have direct effect upon accounting developments named as environmental factors. The factors were attributed to five main factors by the authors: legal, political, economic, cultural and professional factors. Exactly among them, the social climate symbolizes the cultural influence. Cultural influences emphasized by the other researchers in the following periods.

According to Matthew and Perera (1996) there is a strong and positive correlation between uncertainty avoidance and professionalism indicating that the higher the country ranks in terms of uncertainty avoidance, the more likely it is to rank less in professionalism. Second, uniformity was found to be significantly positively related to uncertainty avoidance. These results demonstrated that conservatism was significantly positively related to uncertainty avoidance, suggesting that the higher a country ranks in terms of uncertainty avoidance and the lower it ranks in terms of individualism, the more likely it is to rank highly in conservatism. Finally, secrecy was found to be significantly positively related to uncertainty avoidance and significantly negatively related to individualism.

Comparative study of countries

The United State of America

According to Gernon, Mueller and Meek (1997) the above country is regarded as the common law country where the accounting practices are largely determined by accountants, tends to be adaptive and innovative; being flexible, hence latitude and judgement are permitted and encouraged. The U.S. accounting systems is highly sophisticated. It has large and more complex business enterprises and the users of their financial statements are equally highly sophisticated. Their accounting orientation is directed toward the needs of investors and creditors. They are indeed individualistic in their orientation. Equally optimistic – tolerating uncertainties in measurement practices as such, all material information about their activities must be appropriately disclosed. This is because individualistic culture tends to have higher level of financial disclosure. And accountants in the U.S. are given the

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prerogative for the application of personal judgement on some accounting measurement but must report/disclose all possible reasons for deviation.

China

According to Cigdem and Sinan (2008), the Chinese culture is basically characterized by collectivism which is group or mass oriented. The characteristics of collectivism have signed impact on the development of Chinese accounting. First, under a collectivist society, the users of accounting information were predominantly government administrative bodies with macroeconomic interests. The primary purpose of accounting was to keep track of the flows on Emperor's wealth and the state's properties as economic efficiency.

"Collectivism represents a preference for a tightly-knit social framework". Collectivism is defined as the subordination of personal goals to the goals of work group with an emphasis on sharing and group harmony. *"Chinese culture is spiritual, western culture is material"*

The Chinese have always seen their life in a long-term perspective in all goes of history, they have given an expression on tradition in order to provide peaceful and reliable environment and they have resisted against the changes secretly.

Germany

According to Gernon, Mueller and Meek (1997), financial accounting in Germany is legalistic in its orientation and practices are highly conservative. According to Ezejelue (2001) the regulation on business, including the codified accounting and auditing regulations are to be found in the commercial code. The code prescribes that all forms of business enterprise shall comply with the general principles contained in the code. Accounting is not primarily oriented towards the decision making of capital providers. Instead, it is usually designed to satisfy such government imposed requirements as computing income tax. However, there exists strong uncertainty avoidance in the German society. As such, preference for compliance with prescribed legal requirement and statutory control, the maintenance of uniform accounting practices between companies and the consistent applications of such practices overtime is the accounting subculture of Germany.

Nigeria

According to Matthew and Perera (1997) Developing countries in general are at the bottom end of individualism scale. This was as a result of external influence i.e. the transfer of accounting skills from Anglo-American countries into Nigeria. Though, this did not really work as they are culturally irrelevant. According to Hofstede's survey, developing countries of which Nigeria belong are collectivist oriented. Indeed Nigeria can be characterized as a strong uncertainty avoidance society, to its inhabitants, its future remains essentially unpredictable and there is a high degree of anxiety among people as such, there is an emotional need for legal protection and government interference to safeguard the public interest. They tend to demonstrate a strong preference for maintenance of uniform practice between companies and consistency of practice over time. Inasmuch as Nigerians are regarded as uncertainty avoiders, they regard deviant ideas as a threat not tolerated. Though, having borrowed extensively from the Anglo Saxons leading to the exhibition of individualistic tendencies in some part of the Nigerian accounting sub-culture wherein some accountants are embracing flexibility, the fact still remains that, government interference in accounting i.e. the development of the Nigerian Accounting Standard Board – working for the common goal of the Nigerian people, exhibiting high sense of responsibility through legal protection, safeguarding public interest against enigma, is exhibiting a collective responsibility to the Nigerian people which will in-turn frown at any deviance that could lead to exposure of uncertainties.

Emerging issues in international accounting

Supremacy of National GAAP

According to Belkaoui (2002) Accounting is practiced within an implicit framework known as Generally Accepted Principles. And as posited by the AICPA, GAAP are noted in "experience, reason, custom, usage and practical necessity" and they encompass the convention, rules and procedure necessary to define accepted accounting practice at a particular point. However, GAAP was embraced to reduce diversity in financial accounting practices. But then, how effective is the national GAAP in dealing with varying circumstances in the national environment. The NASB in the preparation of the statement of accounting standards adopted and adapted wholly the IASs in the name of harmonization of International Accounting.

According to Ezejelue (2001) Accounting and financial reporting should be tailor-made and restructured to suit the particular environment where they operate in order to be useful. For a developing country like Nigeria, this will re-emphasize the need for greater relevance and usefulness taking into consideration the environmental variable of ignorance and not being sophisticated in interpreting accounting statements. This is in line with the objectives of accounting as summarized by Skinner (1972) to include the conveying of information that is relevant to the needs of the users. The foreign accounting principles to be adopted into Nigeria must be customized into Nigerian GAAP in order to be useful and relevant as the American, conceptual framework and that of the British, operating in a market economy may not be wise enough to cover the objectives of accounting in Nigeria.

Another important issues relating to GAAP was when, the SEC in the United State required a non-U.S. registered companies to reconcile their GAAP to that of U.S GAAP – A German Company Daimler Benz reported a profit of DM 615 million under a German GAAP but a loss of DM 1893 million. The most important reason was the use of reserve. Daimler-Benz had drawn its reserve account in 1993 to boost its German GAAP income: which is a legitimate practice in Germany, whereas it is not acceptable in the US GAAP. Hence, the question: which National GAAP is supreme?

According to Gernon, Muller and Meek (1997) GAAP of a country is influenced by its environmental variables and it helps in the reporting of financial operations objectively in the country in question. Every country's GAAP is as unique as their environmental variables and this must be respected.

Regional Harmonization

According to Matthew and Peter (1994) regionalization has been suggested as the route towards harmonization wherein countries with common boundaries form economic subgroup. These subgroup, therein referred to as clusters – with basic aims to include, free flow of goods, persons and capital: a Custom Union and Harmonization of Law and in some cases the use of a single currently and the same accounting style. A perfect example is the European Union (EU) having similar boundaries, using one currency (the Euros) except for UK and the adoption of one accounting system. However, their activities have achieved immense success within the region. More regions in the world are becoming awakening to the drive for regional harmonization as they are striving to be like the EU. But then, the issue that now bothers us includes; if the world separates into accounting clusters, what will become of international harmonization efforts, and what does this cluster holds?

According Belkaoui (2002) regional harmonization will continue to be a success among regions with common boundary. This might outweigh the effort of international harmonization.

Foreign currency translation

Multinational business, foreign transactional all involve the use of foreign currency. These transactions involve two or more national currencies and hence create a unique technical problem of foreign currency translation brought about by the internationalization of accounting. Since exchange rate are subject of fluctuation. A major issue is concerned with which exchange rate is to be used to translate the financial statement and how to treat the exchange differences. According to Matthew and Perera (1996), the following are method to be used in foreign currency translation:

- The closing rate method
- The current/non current method
- The monetary/non monetary method
- Temporal methods

However different countries use different method as it suits them. The FAS 52 required the U.S. to use the closing rate, while Germany; there is no uniform method for foreign currency translation. The major issue is how the translation gain/losses should be treated in accounts, to be included in income or as an element of equity. However, it was discovered from the financial statement of companies operating in the U.S. that currency translation gains/losses are reported in current income statement; while in Germany, Companies uses alternative practices with no majority. In Nigeria, profits and losses on exchange are included in operating result. Whereas in China, companies uses alternative practices. All these have significant implications on financials reports.

Special disclosure

Accounting has been characterized as a response mechanism to environmental factors and conditions. As environment change, so must accounting, in order to keep relevant. Disclosure advances are one way towards continued relevancy. Mueller, Gernon and Meek (1997).

However, disclosure becomes voluntary when not required by laws and regulation. Concerned parties welcome this trend. But are more data always better? When do we started bothering ourselves with information overload? The whys and how's of voluntary disclosure amounts to an emerging issues.

In addition, issues relating to special disclosure are gaining momentum, though it is common among European Union but not adopted by other part of the world. The special disclosure could take the form of business activities forecast prepared by management. According to Muller, Gernon and Meek (1997), these special disclosures have received attention internationally but had been subjected to limited experimentation in several countries. One of the reason is that forecast can be unreliable because they incorporate (often highly) subjective estimates of uncertain future events. In addition there can be legal repercussion for management if the forecast are not met. In litigations countries such as the United States, the potential for lawsuits is a major deterrent to providing forecasts. But from a close evaluation, your presenter is of the opinion that forecast disclosure attracts net benefits to the investors, as it satisfy their taste as to whether companies provide their own internal forecasts of such financial information. But then, here is an open question, what is your view? And what are the possible pros and cons associated to it? This is an unsettle issue.

Information content of financial statement

Impressive amount of research as carried out by Mueller (1994) among many others in relation to information content of financial statement revealed that the information content of conventionally prepared financial statements are less than statement users expect. Issues and accounting matters currently on the bonder-lines are likely to come right onto the main stream. Issues like forensic accounting, human resource accounting, and environmental cost, will very likely come to the fore. It would no longer be completely satisfactory to merely lump all the issues together, as social accounting. In France today, employers of labor with more than 300 in their employ are required by law to provide a social or human relations balance sheet, showing its handling of its human resources. In Nigeria, the devastations attendant upon the exploitation of oil and gas resources in the Niger Delta, predict that environmental accounting may soon enough become a critical factor in corporate accounting. These trends portend an emerging issue in international accounting.

Inflation accounting

It has been identified that not all countries in the world provide supplementary inflation adjusted statement. Inflation according to Ola (2001) means too much money chasing too few goods, a general increase of prices; a fall in the purchasing value of money or in the layman's term increase in the cost of goods and services, technically meaning that money is losing its value.

Since monetary measurement is the tool used in measuring income which is fundamental to financial reporting, and inflation affects the value of money and whereas according to Solomon (1991) accounting practice is motivated by and responds to development that enhance the power of accounting to present, neutrally, a given economic reality through provision of information useful for the evaluation of past business decisions. For this to be possible the impact of inflation on accounting information should be evaluated and reported. Inflation distorts financial

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report such that they do not seem to be reality. This is such that debtor gain; creator lose; profit earners benefit relative to wage earner and those on fixed income suffer and they are all reported in the financial statement without making proper adjustment to reflect the effect of inflation on such items.

Accounting for inflation will minimize or eliminate these problems as the rate of inflation in each country is well known. It is sad enough if the problem facing the European and American Accounting bodies is how to improve the comparability of financial information alone, while the costs in the profit and loss account are shown today at the original cost paid rather than at replacement cost at the time of consumption. After all we expect goods consumed to be replaced. There is therefore a time gap between acquisition and consumption, thus:

(a)Cash held by businesses will suffer a lower value but the business will gain by borrowing because repayment will be at a lower value.

(b) Historical cost accounting overstates profits and understates net assets and therefore returns on capital investment will be overstated.

However, according to Ola (2001), one of the reasons why accounting for inflation is not implemented in Europe in spite of its usefulness is that, the rate of inflation is comparatively low, tolerable and does not radically affect the audited account figures. Apart from Spain, Portugal and Greece which have inflation rate of about 90%, United Kingdom's inflation rate is about 3% while Italy and Germany is about 5%. However the Nigeria inflationary rate is on the decrease but still in the 2 digit level coupled with other developing countries. Why then, was supplementary inflation adjusted financial statement not be provided form when inflation distorts financial reporting among countries experiencing it.

An exploratory perusal into financial statement of companies in Nigeria revealed that Nigeria Companies do not provide supplementary inflation adjusted financial statement. Companies in the U.S. and the

U.K. provide supplementary adjusted financial. However, companies in Germany do not provide.

Pace of accounting technology

In recent times, most developing countries are struggling with formal recognition of the effect of changing price levels. The IASC in engaging comparability projects to provide viable measurement to redefine research and development, goodwill, taxation issues, consolidation and lease among many others.

In other words accounting technology changing – it is in a constant state of flux – because it operates in dynamic environment. The real question here is the rate of change. Is accounting technology keeping pace with all of the demands placed in it?

According to Ola (2001) Accounting like any other human Endeavour is resistant to change and while this change becomes paramount. It is indeed a burden as it takes a painstaking effort in making its adoption an official document by companies and other preparers of financial report, who must change their manual, retrain their staffs, and reprogram their computers. Reference books have to be updated and accounting textbook rewritten. Hence, accounting measurement change is costly and it is indeed a crucial factor. The pace at which accounting measurement technology changes is the key issue. Should the change be incremental or less continual? How does one determine whether a set of accounting measurement standards are up to date? Questions of this type should be asked with increased frequency?

However, according to Gernon, Mueller and Meek (1997) accounting is shaped by the environment in which it operates and for it to be relevant it must be in line with the environment, meeting the demands placed on it.

Discussion of findings

After a profound exploratory of the works of renowned international accounting researcher, and in evaluation of financial statements of companies used as a comparative study, it has been discovered that the field of international accounting is full of emerging issues in need of further investigation and inquiry. The

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informational demands of the global economy makes it an important and crucial necessity to address the issues surrounding the setting, preparation, dissemination and the use of accounting information internationally. Special theoretical endeavours are necessary to capture the intricacies and complexities faced by accountants internationally.

Consequently, the development of financial accounting principles has been in a piecemeal manner, for centuries now, to solve the problems of time when those principles were developed. This obviously was the spirit of the development of accounting during the time of Luca Pacioli. Hence, accounting principles would be better described as conventions which have largely been developed without references to any coherent theory. Borrowing approach often result in logically inconsistent practices being applied; practices moreover which are virtually dictated to the accountant by outside influences particularly from the U.S. and UK which have ends to satisfy other than those of accounting. Much of the current confusion in accounting practice of the profession arises from the use of inconsistent and irrelevant accounting procedures.

The Nigeria experience over the years has proved that the imported U.K. accounting system and their accountant did not really work. This is because of the environmental influence on a country's accounting framework, which they are not really familiar with. However, with the advent of the first accounting body with charter in Nigeria in 1965 – the institute of Chartered Accountants of Nigeria (ICAN), hope was restored. ICAN held sway as a lone champion and recorded pluses for that. It witnessed and played a pioneering role in the formation of the NASB which was established on September 9, 1982 to regulate standards and practices in the profession. Amidst this, the gravity of the problem Nigeria accounting system suffered as a result of external influence was further magnified as the NASB turned out of be a mere copy cat of extant standards put together by foreign bodies. As such, the professional practice in Nigeria still falls short of the ideal. Nonetheless, the SAS issued invariably accord substantially with the requirements of identical IASs. This is a healthy development towards the international harmonization of accounting standards. But then Harmonization means to bring into agreement; to make harmonious. According to Ezejelu (2001), it implies a relationship of unlike things, combined or arranged to make a pleasing whole and compatible. If this is the case, it means bringing together of different countries GAAPs. And according to Mueller, Gernon and Meek (1997) no two countries GAAP is the same. As such, is Nigeria really embracing international accounting harmonization or international accounting standardization? This is because to standardize, on the other hand means to adopt to fit a standard. However, this problem is equally being faced by many developing nation, hence it is an international issue. However, country like China though had contact with the Angle Saxons but there socio-cultural and other environment variables were taken into consideration in the development of their accounting principles.

Generally, accounting ought to develop in response to the needs of the environment, it tends to serve. This development must take into consideration the socio-economic development as well as the environmental factors of the particular society. This stance clearly discourages transferring accounting procedures from one country to another which standardization may be up to. From the meaning attached to "harmonization and standardization" it would appear that what is feasible, given the circumstances around the globe and what ought to be pursued, is harmonization. Hence, with special references to the emerging issues in international accounting, the focal point for countries who borrowed extensively, adopting and adapting another countries GAAP should be the recognition and drawing up of its own tailor-made principles to suit the particular environment where they operate in order to be useful.

CONCLUSION

First, it has been identified that culture play a significant role in accounting practice and financial reporting and this must not be ignored for good effect. There exist a significant relationship between culture and accounting disclosure. This argument supports the contention that each culture

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should develop its own accounting systems to serve its own distinct requirement.

Second, in order for accounting to keeping pace with the demand placed on it, it must be adjusted to suit the present socio-economic and political conditions were such accounting procedure is under practice for financial information so produced to be relevant, even though it is costly. Third, more so disclosure requirement are culturally bound. Fourth, inflation adjusted statements should also be drawn up by companies to always reflect its implications on financial statements. Lastly, translation gains and losses should be reported to reflect its impact on the economic transaction of the company in question.

This paper on the subject matter "emerging issues in international accounting" is inconclusive. Hence we need to seize the moment and bring our professional savvy to bear, on the challenges of the polity. We must make a difference identifying problems and proffering solutions and adding to the body of knowledge in accounting. The challenge is to carve a distinct niche for the Nigeria accounting profession in the increasingly contracting global village we have found ourselves in.

Table 1

Comparative Evaluation of Companies

VARIABLES	US	GERMANY	NIGERIA	CHINA
Individualism/collectivism	Individualism	Collectivism	Collectivism/individualism	Collectivism
Disclosure requirement	High	Low	High/Low	Low
Power distance	Low	Large	Large	Large
Uncertainty avoidance	Low	Strong	Strong	Strong
Long-term/Short-term orientation	Short-term	Long-term	Short-term	Long-term
Supplementary inflation adjusted financial statement provided	Yes	No	No	Yes

Source: Literature Review

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