Brazil. IFRS Convergence and the Role of Accounting Education: The Brazilian Case

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Abstract Our chapter critically analyses the adoption of IFRS in Brazil and argues that accounting education will be an important factor for a broad and complete convergence. The study is divided into five sections. Section 1 presents a short introduction of Brazil and discusses issues such as colonization background, legal system, capital markets and accounting profession. Section 2 reviews the road to accounting convergence in Brazil, focusing on the specificities of the Brazilian process that involved creation of a National Accounting Standard Committee. Section 3 critically analyses the adoption in Brazil of IFRS. We focus on the main issues brought by the change to a principle-based standard and discuss the lack of interpretation consensus among market participants. Due to that, financial statements of Brazilian companies still retain a strong national identity. In Sect. 4, we analyze the competences and capabilities that should be achieved through accounting education that we believe are necessary for a complete and broad convergence in Brazil. Finally, Sect. 5 presents our concluding remarks.

1 Short Introduction to Brazil

A key player in Latin America, and globally, Brazil has been advancing through a myriad of challenges in its history. With its colonization background, largely connected to Portuguese culture and values, Brazil has also a clear influence from other European countries (e.g., Germany, Italy, Spain, France, Netherlands), Japan and some African countries. Monoculture (e.g., gold, coffee, sugar cane) was the major socioeconomic approach during the initial stages of the country. Much more recently, industrial, political and social developments led to a powerful nation, more organized and ready to perform as a global player. A fresh democracy (from 1986) after military dictatorship and a new constitution (from 1988) gave space to two decades of internal reorganization (e.g., political system and inflation). Still,

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society (individuals and organizations) has to cope with several challenges based on fast and governmental-led restructuring efforts (Roett 2010).

A wide gap in wealth distribution is still present, even after Brazil experienced a huge increase, overtime, in purchasing power of its minimum wage (about USD 220 per month in 2015). Government-led assistive programs were successful in direct transfer of wealth to families and individuals in deep need (such as *Bolsa Familia* and *Bolsa Escola*, linked to kids and education), such as the universal health care system and the general public pension system (Baer 2008). A complex and large tax system imposes a heavy tax burden on participants of the Brazilian economy, with clear links to support government expenditures.

With one third (200 million people) of Latin America population and about 36 % of its GDP, Brazil could soon overtake UK and France (based on some analysts) in GDP and become the fifth largest economy (GDP) in the world. Brazil has an interesting demographics with over two thirds of its population in the range between 15 and 64, and a total of 6.4 million students enrolled in the Brazilian postsecondary education system (as of 2010, according to IBGE, *Instituto Brasileiro de Geografia e Estatística*, and INEP, *Instituto Nacional de Estudos e Pesquisas Educacionais Anísio Teixeira*): it is noteworthy that as of 2010, more than 41 % of the enrollment was in social sciences, business and law.

Financial infrastructure in Brazil is bold. During the inflation period, Brazilian financial market had to grow stronger to cope with rapid changes in purchasing power. Banking systems and government markets (overnight) became well established even sooner than most developed economies. Telecommunication infrastructure became critical to all this. A continental country such as Brazil could not afford less. Now, financial, credit and capital markets are booming (market capitalization in Brazil picked more than 100 % of GDP in 2007, as reported by the World Bank).

Accounting is a critical profession, mainly if we take a country such as Brazil into this context. With about half million licensed accountants (according to CFC, the Brazilian professional body), 40 % with a bachelor's degree, accounting is very attractive for young students selecting their profession when entering the postsecondary educational system. The country has moved (2010) to full IFRS adoption and the profession is flourishing with the associated dynamics. Accounting education, training and development are all influenced by the new horizons. Organizations of all shapes and sizes, in all industries, call for attention when adjusting their own systems to benefit from a stronger accounting approach to business. It is clear that these numbers in the accounting profession require greater consideration of the organizations dealing with education and professional oversight, to mention only these two.

In order to become a licensed professional, it is mandatory in Brazil: (a) to get a college education in Accounting (typical 4-year bachelor's degree) and (b) pass a professional exam (administered by CFC, *Conselho Federal de Contabilidade*). There is no practical experience (PE) component to this, nor continuing professional education (CPE) requirements. These two requirements (PE and CPE) are only present for those acting as auditors. If we consider the number (about 6 million, as of 2011 by DIEESE, *Departamento Intersindical de Estatística e Estudos Econômicos*) of micro and small sized companies in Brazil (about 99 % of all companies and accounting for about 15 million formal jobs), it is clear the shape of the profession in the country, along with the social relevance in helping this large portion of formal economy to become stronger while coping with Brazilian challenges linked to logistics, tax, bureaucracy, funding options, on top of regular and typical business challenges.

2 The Road to Accounting Convergence in Brazil

Brazilian accounting was initially developed under the influence of European countries, like Portugal and Italy. The first major "revolution" of Brazilian accounting standards came with Corporate Law 6.404 (*Lei das Sociedades por Ações*) enacted in 1976 which strongly followed the accounting model then prevailing in the United States.

The Brazilian Corporate Law 6.404 aligned the Brazilian accounting practices with the international practices, as the American accounting model was considered, at that time (1976), a reference in terms of international accounting. Some examples of this first major accounting revolution brought by the Corporations Act of 1976 were:

- Measurement of property, plant and equipment by their fair value (revaluation option)
- Measurement of investments in subsidiaries by the equity method; and
- Presentation of the Statement of Sources and Uses of Funds.

In this sense, the Corporate Law 6.404 brought some quite complex concepts and accounting requirements already in 1976. Due to that, the Brazilian accounting standards become closely related to the international model.

However, as time passed by, Brazilian accounting standards became heavily influenced by tax authorities. Also, the Corporate Law was not updated in order to follow changes made in US-GAAP or IFRS. This is because further improvements depended on changes in this law; in other words, significant changes to the accounting and reporting framework would require the law to be amended.

The problem with this requirement was that, overall, changes in federal laws in Brazil take a long time. This is because the legislative process can be lengthy and cumbersome, particularly when controversial issues are at stake. Hence, it became difficult to incorporate new accounting concepts reflecting increasingly complex business transactions.

Thus, over the years, the part of the corporate law that dealt with accounting issues became old, outdated and ineffective compared to international practices. For instance, the law did not treat recognition and measurement of derivative financial instruments. Due to that, as time passed by, BR-GAAP became lagged and companies basically used tax rules to recognize and measure economic transactions.

Another issue that brought a challenge to the Brazilian accounting profession during the 1980s and early 1990s was hyperinflation. For instance, the annual inflation rate in 1993 was 2,477 %. At that time, the Brazilian accounting community developed an accounting methodology, called "*Correção Monetária Integral*" to deal with the effects of inflation rather robust, recognized by United Nations as the most advanced model of indexation accounting in world. It is worthwhile mentioning that hyperinflation was successfully controlled in 1994; nowadays, annual inflation rate is around 6 %.

The move towards convergence with IFRS was initiated by the Brazilian Central Bank, reflecting its view of the importance of a single set of international financial reporting standards in use around the world, and the benefits of such standards for the Brazilian economy.

In 2006, the Brazilian Central Bank announced that financial institutions under its supervision should comply with IFRS starting from December 2010 in their consolidated financial statements. In 2007 the Brazilian Exchange Commission and the Brazilian Insurance Supervisor issued similar rulings. These developments were followed by a decision of the Brazilian congress to approve legislation, Law 11.638/07, requiring the progressive convergence of Brazilian GAAP with IFRS for the individual accounts of all listed companies and large for-profit enterprises from 2008.

The Law 11.638/07 established three major platforms for the IFRS convergence process in Brazil. First, it granted the Brazilian Exchange Commission the authority to establish accounting standards for listed companies. Second, it established that the Brazilian Exchange Commission, when determining accounting standards, should ensure that they are in conformity with international accounting standards. Third, it permitted the Exchange Commission to enter into an agreement with an independent entity to seek advice on the accounting standard setting process. This last point was achieved through an agreement between the Exchange Commission and the Brazilian Standard Setter Committee.

For a successful convergence to international financial reporting standards, changes brought by this new accounting model could not lead to income tax impacts, as companies would not fully adopt a new accounting model if they paid more income taxes due to that. In this sense, the Brazilian government passed another act, Law 11.941/09, which became the legal provision that allowed the so-called "tax neutrality" in Brazil. According to this law, all accounting changes brought by international convergence would not have tax effects.

That allowed Brazilian companies to recognize and measure business transactions according to IFRS and subsequently exclude the respective impacts when filling for income tax. In this sense, by the enactment of Law 11.941/09, the two accounting systems, financial accounting and tax accounting, became completed separated.

For some, the enactment of Law 11.941/09 bringing the "tax neutrality" was considered to be the most important step towards convergence. As mentioned earlier, Brazilian financial accounting suffered great influence from the Tax Laws. That influence was considered to be an impediment to the adoption of international standards in Brazil. After all, having high quality accounting standards would be useless, if companies continued to used assumptions and estimates based on the tax legislations.

Another important step towards convergence was the foundation of the Brazilian Accounting Pronouncements Committee (*Comitê de Pronunciamentos Contábeis* – CPC) in 2005. This Committee ("Brazilian FASB") was created by the common efforts and objectives of the following entities: (a) Brazilian Listed Companies Association (*Associação Brasileira das Companhias Abertas – ABRASCA*), (b) National Capital Market Investment Professionals and Analysts Association (*Associação dos Analistas e Profissionais de Investimento do Mercado de Capitais – APIMEC*), (c) São Paulo Stock Exchange (*Bolsa de Valores de São Paulo – BOVESPA*), (d) Accounting Federal Council (*Conselho Federal de Contabilidade – CFC*), (e) Financial and Accounting Research Institute Foundation (*Fundação Instituto de Pesquisas Contábeis, Atuariais e Financeiras – FIPECAFI*), and (f) Brazilian Institute of Independent Auditors (*Instituto dos Auditores Independentes do Brasil – IBRACON*).

The following main needs led to the foundation of the Brazilian Accounting Pronouncements Committee (2005):

- International convergence of accounting standards: reduction of cost for the preparation of financial reports, reduction of risks and cost in the analysis and decision-making process, reduction of capital cost.
- Centralizing the issuing of standards of such nature: in Brazil, several entities were already doing that at the time.
- Representation and democratic process when producing such information: accountants, auditors, users, intermediates, academy members and government.

CPC played a very important role in the Brazilian convergence to international standards. As the country's accounting committee, it was responsible for translating the IFRS to Portuguese, as well as making few adaptations in order to accommodate the Corporate Law No 6.404. CPC was also responsible for submitting the translated/adapted IFRS, called Technical Statements (*Pronunciamentos Técnicos*) to public hearing in order to get the financial community involved. However, few changes were made from the initial translations, as significant differences between the IFRS and the Brazilian Technical Statements would not lead to full convergence of the Brazilian GAAP.

The consolidation of the accounting standard-setting processes into one hand clarified and simplified the body of existing standards. It also helped regulators in their efforts to enhance their enforcement activities. This is because, before the creation of CPC, GAAP in Brazil aroused from a variety of sources, including the Corporations Law and the standards and interpretations issued by up to eight different institutions like the Central Bank, the Federal Accounting Council among others.

The rationale for establishing CPC was twofold: to simplify and consolidate the standard-setting system and unify the body of existing pronouncements into a single set of standards with limited overlaps and no loopholes and to strengthen the institutional setting needed to support the desired improvements in corporate financial reporting and the adoption of IFRS. That was necessary because, in Brazil, the IFRS required the involvement of a national body even though IFRS are issued by an international organization, the IFRS Foundation.

It is important to mention that the IFRS implementation process held by the CPC was performed in two major steps. First, the accounting committee issued 15 Technical Statements to meet the requirements contained in Law 11.638/07, for the year ended in 2008. By that period, partial convergence to IFRS was achieved as companies had to adopt all 15 Technical Statements. For example, companies had to recognize in their financial statements derivative financial instruments, previously treated by Brazilian companies as off-balance sheet items.

Completed this initial cycle, the CPC conducted the issuance of the remaining Technical Statements during the years of 2009 and 2010 in order to achieve the full adoption of IFRS in Brazil. This process ended with the so-called "First Time Adoption of IFRS" by Brazilian public companies, in their consolidated financial statements for the year ended in 2010.

For most of the accounting community, the adoption of IFRS has been considered a "path breaking" event, the biggest change in Brazilian accounting since the enactment of Corporate Law 6.404 in 1976, which, as mentioned earlier, brought the North-American accounting model to Brazil. The IFRS adoption was considered a second "accounting revolution".

3 Some Thoughts on the Implementation of IFRS in Brazil

In this topic we present some thoughts on the implementation of IFRS in Brazil. We argue that although public companies were successful in adopting IFRS, financial statements of Brazilian companies still retain a strong national identity. Also, we state that IFRS are still not applied by small and median size entities. Finally, as the level of judgment increased significantly with the international accounting standards, interpretation and application is not yet a consensus among the accounting community.

3.1 Successful Adoption of IFRS in Brazil But Financial Statements Still Retain a Strong National Identity

We believe that Brazilian public companies were successful in adopting IFRS. The transition to the international standards introduced significant changes in the procedures for the recognition, measurement and disclosure of financial information.

In our view, one of the most positive aspects of the adoption has been the effect on corporate transparency. That is because IFRS require companies to disclose a greater volume of information to their external users, compared to the previous Brazilian GAAP. Because of the wide range of requirements, there was a significant increase in the volume of information disclosed by companies; the financial statements of some companies exceeded 200 pages.

Obviously, for external users who do not have privileged access to information, this increase in the volume of information disclosed can be seen as something positive. The central idea is that more information reduces the uncertainties of users who can make better economic decisions.

However, as we know, quantity does not necessarily mean quality. Rather, in certain cases, the excess of irrelevant information may even confuse the user. For instance, by looking at the financial reports of Brazilian companies is very common to find parts of notes to financial statements that are literally copies of IFRS. In many cases, you have the impression that what you are reading is an accounting standard and not a financial statement. At the same time, some notes to financial statements lack relevant information with respect to certain items, like for instance disclosures regarding impairment of assets (IAS 36). In this sense, although the volume of disclosure has increased, we are quite sure that quality can (and should) be improved.

Although, overall, public companies were able to comply with the new standards, we argue that financial statements of Brazilian companies still retain a strong national identity. Some companies sought to minimize possible changes, whenever IFRS allowed accounting choices (for instance measuring investment property by their fair value), and kept preparing and disclosing financial statements to the market in the same old way.

As we know, accounting practice is influenced by economic and political forces. In this sense, it would be unrealistic to expect financial statements prepared in accordance with IFRS by Brazilian companies not to retain any prior trace from what companies were doing before. After all, the whole process of change, especially when there is completely change of philosophy in the way financial statements are viewed, takes time.

3.2 IFRS for SMEs: A Long Way to Go

The IFRS for Small and Median Size Companies was issued in Brazil (and translated into Portuguese) in 2009 with application starting from 2010 to targeted companies. The adoption of this standard has expanded the application of International Financial Reporting Standards to all companies that do not have public responsibility to provide accounts (public accountability).

The result of the approval of the IFRS-SME in 2009 is that the entire Brazilian accounting system is harmonized with the International Standards. Consequently, at least in theory, the accounts of all Brazilian companies should be convergent to the IFRS. This is because: companies with public accountability (listed companies, banks etc.) have to apply the Full-IFRS and companies without public accountability (called “small and median size”) should apply the IFRS-SMEs.

It is worthwhile mentioning that 99 % of organizations in Brazil are small and median companies. Therefore, one can see the importance of this standard to the convergence of BR-GAAP to International Accounting Standards. In other words, convergence would not be completed if it only covered large and public companies.

However, as we know, the standard is just the "law" and companies do not necessarily follow the standards. The authors' own professional experiences have also shown that some of these companies do not even know that this standard already exists, and therefore should be applied. The great majority of small and median size companies only do accounting for tax purposes. There is almost no regulation on these types of companies. There is little or no oversight regarding compliance with this new standard.

Overall, the International Financial Reporting Standards are only applied by Public Companies and some sectors with specific regulation like Electric Energy, Insurance etc. Regarding public companies, the Brazilian Exchange Commission (*Comissão de Valores Mobiliários,* CVM) is empowered to inspect listed corporations and their independent auditors, and to conduct administrative inquiries. It can impose administrative sanctions, which include warnings, fines, restatement orders, and cancellations of registration. CVM has a policy of systematically requiring the restatement of financial statements when the auditor's report mentions a departure from accounting standards.

On the other hand, for SMEs, there is no system to effectively ensure that they adhere to IFRS in their financial statements. The only enforcer of accounting standards for these companies is the Federal Accounting Council system, through the company's accountant. In other words, the company's accountant, as a Council member, is required to follow IFRS.

Also, limited liability (non-public) companies called "*Limitadas*", which are privately owned, are not required to disclose their financial statements to the public. The small "*Limitadas*" are not even required to undergo a statutory audit and or to have any kind of corporate governance control. This hampers confidence in the financial statements of these companies, as there is no independent verification that the information presented by such companies presents an accurate view of their situation.

Therefonre, there is no effective "punishment" for Brazilian companies that do not follow and apply IFRS for SMEs, even though there is an accounting standard requiring them to do it. In our opinion this evidences that enforcement plays a big role in real adoption of IFRS in Brazil. In this sense, regulatory agencies concerned with financial reporting should give more focus to, and strengthen, their enforcement activities regarding the IFRS-SMEs.

3.3 The Level of Judgment Increased with Principle-Based Standards and Interpretation and Application Are Not Consensus Among Market Participants

Due to prior tax influence, many of the assumptions and criteria used by the companies when preparing their financial statements did not reflect the economic reality of the underlying business transactions. A classic example was the amount of depreciation to be charged as an expense each year. Instead of trying to reflect the exact consumption of the fixed asset, companies used the criteria established by the tax authorities. Needless to say, that behavior resulted in misleading financial statements for decision-making purposes.

The adoption of IFRS brought the need to evaluate and judge business transactions in order to reflect economic reality, the so-called "substance over form". That, of course, required more critical thinking skills by accountants and other professionals in Brazil. The change from a rules-based accounting for a principles-based accounting increased the level of judgment required by those responsible for preparing the financial statements.

In this scenario, the inherent complexities brought by some IFRS (for example, accounting for financial instruments: IAS 39, IAS 32 and IFRS 7) combined with the important segregation of accounting for corporate purposes from accounting for income taxes added more subjectivity to the accounting process. In this context, the role of accountants involved in the preparation and dissemination of financial statements became even more important, as the professional now have more responsibility to external users.

On the other hand, the interpretation of IFRS, accounting standards first written in English and from an Anglo-Saxon legal system, sparked many questions. As mentioned earlier, overall, Brazilian law is typically originated from the codified law, rules-based. Concepts like "true and fair view" do seem abstract to most Brazilian accountants. In this sense, it is not uncommon to find practical discussions among accountants, auditors and regulators regarding the interpretation of IFRS in the Brazilian scenario.

Sometimes, views are very different. In a way, it seemed natural as some of the changes brought about by the IFRS requirements have significant impact on accounting numbers that are the basis for a wide range of contracts between economic agents.

In the real estate sector, for example, applying the concept of risks and benefits transferring for the units sold in advance still have divergent views. Some, including auditors, consider that such risks and benefits are only transferred upon delivery of the unit's keys. Others, including companies, argue that the transfer of these risks and benefits occurs gradually over time; consequently they argue that revenue can be recognized using the percentage of completion method.

Another big debate brought by IFRS adoption regards Public Concessions, regulated by IFRIC 12. There is still not a consensus among the market participants regarding which sectors or companies are subject to this standard. In fact, due to specificities of these concession contracts in Brazil, different arguments can be made, as IFRIC 12 is not to be applied by all service concession arrangements.

Overall, the practical application of IFRS still raises questions among companies, accountants and auditors. In our view this suggests the need for ongoing training of all professionals involved in the preparation and dissemination of financial statements.

After all, only quality training will lead to a better understanding on how to effectively implement a complex accounting standardization in Brazil. In this sense, we argue that education will play an important role in the future of IFRS implementation in Brazil. In our view, that will be the key issue that is going to differentiate the full and complete adoption from the "Label Adoption" of IFRS (Carvalho and Salotti 2013).

4 The Importance of Education in Future of Accounting Convergence in Brazil

Assuming this massive transition (at both content and format dimensions) to IFRS, accounting became a different practice and a different area of study. Business and the job-market are different now, particularly in terms of the accounting profession. Brazil faces this same situation. However, it has it uniqueness as we are talking about a country that is facing its own educational development and the economy demands a better workforce. Education and training are no longer interesting add-ons, but now represent critical success factors for society. By changing the change, Accounting Education in Brazil is trying to overcome the natural challenges of the national postsecondary education system, when dealing with a set of changes on its own field. We need to consider the evolving numbers of postsecondary education in Brazil (from 425 thousand enrolled students in 1970 up to 6.4 million in 2010, an expansion of 15 times in four decades, according to official data) and look at accounting changes, on top of that.

Such systemic expansion tends to come with an impact on the existing structure of private and public higher education institutions. Brazil was not any different. Families, organizations, students, faculty members, regulators, education providers among other stakeholders are still learning to adapt. Meanwhile, accounting is changing itself, deeply. And we are not only talking about IFRS.

A massive technological change is catalyzing the transformation of business and education, as we know them. Day after day we witness a new product, a new service, new logistics, new work, affecting the traditional approach to funding, investing, buying, manufacturing, providing, selling, receiving, paying etc. Contracts are unusual, as clients and suppliers behave under a brand new set of approaches. Money is different. Assets and company values tend to operate under new equations. What is accounting? What is this new profession? What is expected of accounting education?

Week after week we see restrictions being removed from the system. For many, this is too complex of an argument to assume yet. Take the language barrier. Both, for education and professional matters, language has been a natural barrier for ages. With technological advances, such as real time spoken language translators (RTSLT), now incorporated into smartphones, education and practice are moving to the next level. Take accounting, IFRS, for instance. The amount of time, energy and other resources that combined we invested to create conditions for practice (e.g., in Brazil all the IFRS translation that took place) and for education (textbooks, cases, exercises, training materials etc.) will cease to be required, in the near future. It is going to be different. Think about the amount of energy spent across the globe to cope with such situations that will no longer be required, and will be instantly available to improve the core of the system.

Similar idea can be considered when we explore the benefits of MOOCs (*Massive Open Online Courses*). Why do we still need thousands of professors around the globe dealing everyday with the same content, topics, cases and goals? Affordances are completely new and we need to collectively take advantage of that in order to improve faster and with more quality, as a profession, as an area of study. In education, we are truly living the dawn of abundance.

In addition to all governmental and regulatory initiatives to drive accounting convergence in Brazil, a relevant part of this success is related to the professionals. Only with well-shaped professionals the change and its institutionalization tend to be smoother. This brings our attention, again, to Accounting Education. The scenario is related to the Accounting Education global situation (see Global Accountancy Education 2012 report, developed with our participation — Karreman 2013).

A clear claim to move from the technical-oriented curriculum, typical in Brazil, to a more humanist and open-minded approach must be made. The IFRS move requires less technical interpretation of rules and more business acumen to cope with the less-structured environment. Many Brazilian universities and colleges have already implemented specific changes, so that they can deal with the new context. But, challenges are big and so is Brazil. When you consider that in Brazil we have over 1,200 undergraduate programs in Accounting, a bit over 3,500 Master's degree holders (in Accounting), and short of 300 Ph.D. holders in Accounting, we can start to see the picture. The change must affect the graduate programs first and it is. In the recent past (up to 2007) there was only one Ph.D. program in Accounting in Brazil (hosted by University of Sao Paulo) and only three Master's programs in Accounting in Brazil (University of Sao Paulo, State University of Rio de Janeiro and Catholic University of Sao Paulo). Thus, most of the faculty members working in the undergraduate system did not have academic credentials for the program, naturally gearing up technical aspects in the curriculum. By the end of 2013, 21 graduate programs (nine PhD granting programs), in Accounting, were accredited by the Brazilian Ministry of Education. ANPCONT (Brazilian Association of Graduate Programs in Accounting) was created to act as a binding organization to help the development of this academic field in Brazil. This amazing expansion is well controlled by the Brazilian accrediting agency (CAPES) and is fully linked to support the advances in our field. But, changing mindset takes time. One thing is the expansion of Brazilian graduate system, another is adjusting the frames of references of those involved with accounting, to a new era.

New institutions with specific models, ventures, strategies, capitals and technology are organized to be part of a new marketplace of inputs, goods, services, and capitals. This marketplace is also populated by individuals, new people, new profiles, bringing different approaches based on gender, generations, dreams, social, cultural and political aspects. This scenario is directly linked to the education system, requiring this new frame of reference. Both, faculty members and students must be aware of such condition, and willing to commit energy to change our profession. It seems to be the case in Brazil, at least at top ranked institutions.

Changing an old mentality is mandatory when we consider accounting convergence. This resonates with a very different set of competencies and is achievable through reinvented accounting education. It is not only about changing your syllabus, textbooks or your cases: if the professor imposes the same old view about the problems, students will end up with an unwanted professional attitude. For instance, we must look at an M&A situation or even a revenue recognition issue, with a different pair of eyes. This is not only linked to IFRS, but to the entire reinvention of business with drastic implications for accounting.

The accounting curriculum is naturally a subject of concern when observing educational objectives and strategies all over the world. In Brazil, it is also the case, with instructional materials and teaching and learning approaches shaped by the existing socioeconomic and cultural set of aspects (i.e., language, business practices, discretionary income, working students/evening classes). The whole textbook industry requires special attention, as the Portuguese language market is way smaller then the English one. For instance, disadvantages (tired students) of evening classes must be outnumbered by its advantages (work experience). Stimulating environmental perception, continuous development, maintaining a global perspective and fostering continuous development are examples of curricular changes that are relevant for accounting convergence. Again, it is not only about the topics, but how to discuss them with students.

Another key element for accounting education is, for sure, critical thinking. In order to make the educational experience more meaningful for both, students and instructors, planning to use precious time to improve critical thinking is as mandatory as challenging. Being able to ask the reason behind an issue and setting the context in a clear fashion is part of such approach.

At University of Sao Paulo, our graduate program offers a research line in accounting education, which offers many opportunities for these discussions to advance. That is the case for experiments with educational interventions such as cases, gaming, simulation, history, critical thinking, neuroaccounting, program evaluation and online learning, with clear implications for accounting education.

As an example of capacity building at the professional level, the research foundation linked to the Department of Accounting and Actuarial Sciences at University of Sao Paulo (FIPECAFI) partnered with the Brazilian Institute of Internal Auditors (IBRACON) to cooperate with the Inter-American Development Bank (IDB) as providers of online education to reach at least one faculty member of each undergraduate program in accounting in Brazil (over 1,200 programs). A significant investment of money, time, structure and ideas to help narrowing the gap related to IFRS and the required education to new accountants in the country. Only an online education model could help achieve this within the time limitations and considering the continental geography of Brazil.

5 Concluding Remarks

The accounting profession is experiencing a period of significant change in Brazil with the adoption of the International Financial Reporting Standards (IFRS) in 2010. However, we can clearly see a strong national identity present in the financial statements of Brazilian companies. This phenomenon has connections with the preparers and the national background, aligned with the discussion present in the global accounting literature.

The departure from the Brazilian rule-based accounting in favor of a principles-based approach represents a major educational challenge for both faculty and students. We argue that the main challenge for the profession, in order to achieve the full (and real) convergence, is adequate accounting training and education. Capacity building for a wide range of major players (from preparers to auditors, researchers, professors, analysts, investors, media, regulators etc.) is mandatory and creative solutions to bring cost-effective quality to this process are welcome.

In this scenario, our chapter critically analyzed the adoption of IFRS in Brazil and argues that accounting education is and will be an important factor for success of IFRS in Brazil. In our view, education will be the key issue that is going to differentiate the full and complete adoption from the "Label Adoption" of IFRS.

In response to this new challenge, some Brazilian universities are revising their accounting curriculum in order to adapt to this new accounting environment. For instance, the University of São Paulo, which is ranked highest among the Brazilian universities in the World Rankings, has signed a cooperation agreement with the University of Illinois at Urbana-Champaign (USA) in order to implement their Project Discovery approach in Brazil. Such curriculum is set to help students develop a more critical view of accounting, which will empower them for this new society and business models.

At the educational level, it is a matter of balancing quantity and quality providers. If we move to the workplace, we are clearly seeing an evolving behavior of the organizations, concerned about accounting in a different fashion, and also the auditing firms, who are reshaping their approach, including selection and training, to cope with the new reality and the new generation of talents.

In addition, we must address the international mindset. As known, Brazil was behaving close to a "closed" economy for many years. However, recently Brazil has emerged and started operating in a true global environment, as a relevant player, with strong potential. In order to keep this move, it cannot refrain from having strong accountants and a strong accounting. Accounting helps the making of a stronger society.

Thus, as we tried to demonstrate, educational abundance, technological shift, accounting convergence, and an altered business model will, altogether, drive a different global profession. Resources are available and the need is assessed. So, the time is for big changes as the country is set for growth, with the help of a strengthened profession, based on overall social, political and financial consolidation.

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