

April 20, 2009

Elizabeth M. Murphy
Secretary, Securities and Exchange Commission
100 F Street NE
Washington, DC 20549-1090

Subject: File Number 87-27-08, Roadmap for the Potential Use of Financial Statements Prepared in Accordance with International Financial Reporting Standards by U.S. Issuers

Dear Ms. Murphy:

I am currently a second semester graduate student in the Master of Science in Accountancy program through the John F. Donahue Graduate School of Business at Duquesne University. Several of my accounting courses have required my research on the Proposed Roadmap, and one of my current classes asked each student to submit a Comment Letter with our views on the topic.

I have reviewed the *Roadmap for the Potential Use of Financial Statements Prepared in Accordance with International Financial Reporting Standards by U.S. Issuers* that has been proposed by the Securities and Exchange Commission. I am pleased to have the opportunity to submit my comments for your consideration.

While the development of a single, global set of accounting standards would benefit both preparers and users of financial statements, I do not know if International Financial Reporting Standards (IFRS) are the optimal method of financial reporting for the U.S. market. I do not believe that IFRS has proven that they are the most objective and high-quality accounting standards in the world, nor that the structure of the IASB is mature enough to release the single-set of authoritative accounting literature.

The creation of a single set of authoritative literature on acceptable accounting principles will make following and understanding the source and application of standards much easier for preparers and users of financial statements. With the rising global nature of today's economic markets, it definitely makes sense that we strive for a more standardized and transparent system of financial reporting to be developed. The intention

of adopting a globally applied system is justifiable, but there are several things that must happen in order for this adoption to be practical and successful.

IFRS should not be implemented until the merging of GAAP and IFRS is essentially complete. This means that many complex and controversial standards need to be reviewed and revised; it is unrealistic to think that this can be entirely finished in the suggested timeframe. We already have convergence projects underway, but progress on this convergence would need to be accomplished before IFRS can be truly implemented and used. It would not be wise to attempt to apply these standards before the convergence is fully complete; rushing the implementation would only cause more confusion and the need for subsequent guidance to be developed.

I also have concerns as to whether the total transition costs for the adoption of IFRS are reasonable. The requirement of three years of financial reporting in the first year of IFRS reporting seems impractical and much too costly for companies to absorb without a corresponding return. This is asking that companies keep essentially two sets of books during the transition period, so that they are in compliance with GAAP in the years leading up to IFRS adoption, as well as in compliance with IFRS after its establishment. This is not taking into consideration the costs companies will incur training and educating their employees. Companies are still completing the implementation of Sarbanes-Oxley requirements, and asking them now to incur expenses upwards of \$50 million dollars is unreasonable, especially given the current state of our economy.

It is currently not clear as to how regulators will govern compliance within a principles-based system of financial reporting. A principles or objectives-based approach to financial reporting provides much less detailed guidance in accounting standards and therefore requires the reliance on the preparer's judgment. An increase in the reliance of judgment on financial reporting could lead to an increase in the number of retrospective disagreements between financial statement preparers and auditors. In order for management to prove that they were making their judgment with the intention of fulfilling the objective of the standard, they will have to provide documents to back up

every step of the decision-making process. They will also need to provide auditors with a virtual guide through the thought process behind each decision to support that they were attempting to fulfill predefined objectives. Even still, it may not be sufficient enough for auditors or investors, and this rise in disagreements will most likely lead to an increase in litigation. In today's world there must always be someone to be held accountable for a mistake or misstatement. If there is a shift from clear-cut instructions on financial reporting (rules-based) to reliance on management's judgment (principles-based), there is most definitely going to be some confusion as to whether management can or should be held accountable for issues that arise from them exercising their judgment. I think that it is very important that the legal regulation and enforcement aspects of adopting this type of standard be addressed and finalized before implementation takes place.

Will these disagreements cause more financial statement restatements? If auditors can't determine that the preparer was truly attempting to fulfill the objective of the standard, they will most likely request that the financials are restated. This could result in negative implications for the company even though management was trying to fairly reflect the economic substance of a transaction or event.

The SEC has stated that it is easier to collectively agree on a principle rather than a rule, and so standards will be produced in a more timely fashion under a system such as IFRS. I do not necessarily agree with this idea. A main reason that it takes so long for standards to be developed currently is that there are so many authoritative accounting bodies in this country, as well as many different entities to please before a standard can be finalized. Will international accounting standards be able to be released faster simply because it is a principles-based system, and because it is under one, centralized organization? Not only will they have to address emerging accounting issues across the globe, but they will have to take into consideration the opinions of over 100 different countries. It is also essential that the IASB prove that it is completely independent and free from political influence before it should be allowed to determine global accounting standards.

There will be a substantial increase in the amount of documentation and disclosure with the adoption of IFRS. This documentation is a crucial aspect of understanding the intention of the preparers of the financial statements. With the increase in the amount of disclosure, we will also see a decrease in the level of comparability across companies and industries. I have to wonder whether we are sacrificing comparability with other U.S. companies, in order to provide investors with a common platform for hundreds of different countries. I'm an unsure of whether this really in the best interest of the investor.

Although I do believe that there are many positive aspects of adopting IFRS in the upcoming years, I believe that these several aspects need to be addressed before the SEC can continue forward with its proposed Roadmap.

Thank you for the opportunity to submit this comment letter.

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