

16 February 2009

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

Email: [rule-comments@sec.gov](mailto:rule-comments@sec.gov)

Dear Ms Murphy

**Re: File number: S7-27-08**

CPA Australia, the Institute of Chartered Accountants in Australia and the National Institute of Accountants (the Australian Joint Accounting Bodies) are pleased to respond to the proposals outlined in the Roadmap for the adoption of International Financial Reporting Standards in the United States released for comment by the Securities and Exchange Commission (SEC).

The Joint Accounting Bodies wish at the outset to congratulate the SEC for the tremendous progress that has been made in attaining the degree of acceptance of a move to IFRS in the American market. While we appreciate that this is another step in the journey to full adoption we nevertheless wish to record the fact we are encouraged by the publication of this proposed rule.

The Joint Accounting Bodies consider the SEC's proposed rule to be of great merit, a step in the right direction. We would, however, encourage an acceleration of adoption of IFRS in the United States and as such would regard 2014 as the latest possible date for conversion to IFRS.

### **Support for IFRS**

The Joint Accounting Bodies firmly believe a single set of accounting standards must be in place to facilitate consistent communication to stakeholders of entities that are listed on stock exchanges. A single set of standards provides an element of consistency in the source for accounting guidance used by entities to prepare financial statements for interested stakeholders, particularly existing and potential investors in an entity.

Advances in communication technologies have also made redundant the arguments for different sets of financial reporting standards. Information technology has made the world a smaller place with information being available within a fraction of a second on trading screens or downloads from the internet. Having a single accounting language that all users are able to understand will, over time, make the task of communicating the financial position and financial performance of entities to a broader audience easier.

### **Representatives of the Australian Accounting Profession**



The Joint Accounting Bodies believe the roadmap as outlined in the document serves to take the world closer to the goal of having a single set of financial reporting standards. We would be disappointed if progress towards a single set of standards was slowed.

## Education

The Australian experience in the implementation of IFRS has been successful but one of the major issues Australian preparers and practitioners encountered was the education challenge. Australian business may have been better able to come to terms with aspects of IFRS if they were able to draw on a workforce and accounting graduates with a deeper knowledge of financial reporting under IFRS.

We found that Australian academics were slow in becoming aware of the full implications of IFRS, which meant that the graduates were not as work ready as accounting firms and other employers would have necessarily preferred.

A valuable learning from the Australian experience is that differences between principles in IFRS and the previously suite of accounting standards created significant confusion. We believe the confusion factor in the United States will be similar. The Joint Accounting Bodies favour an approach that establishes core principles in the standards with a commitment to achieving clarity in accounting standards overall rather than having a wealth of interpretations. IFRS has considerably less guidance and as such the education of accountants will need to focus on the application of generic principles rather than prescriptive rules.

## Interpretations

While we appreciate the role regulators play in capital markets we would caution any regulator from interpreting standards in ways that create divergence in application across the globe. It is important that sources of authoritative interpretations are limited so that it becomes easier for all accountants dealing with this literature to track the changes in practice and authoritative interpretations.

If you have any questions regarding this submission, please do not hesitate to contact either Mark Shying (CPA Australia) at [mark.shying@cpaaustralia.com.au](mailto:mark.shying@cpaaustralia.com.au), Kerry Hicks (the Institute) at [kerry.hicks@charteredaccountants.com.au](mailto:kerry.hicks@charteredaccountants.com.au), or Tom Ravlic (NIA) at [tom.ravlic@nia.org.au](mailto:tom.ravlic@nia.org.au).

Yours sincerely



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