University of Idaho

College of Business & Economics
Department of Accounting
PO Box 443161
Moscow, ID 83844-3161

208-885-6453

In State Toll Free 1-800-422-6013
FAX 208-885-6296

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To: Securities and Exchange Commission

Comments on File No. S7-27-08: SEC Roadmap for Adoption of IFRS

I am commenting as a user of financial statements and as an educator. First, as an educator, I've been scrambling to learn to "speak" IFRS as well as GASB standards in addition to the usual FASB guidance. After a certain point, it becomes hard to understand how so many differences came about and whether they are necessary. For one thing, I was quite surprised to discover how many differences remain on the standards produced jointly by FASB and IASB as part of the convergence process. The differences are usually in the details but they can have a significant impact on financial statements.

As I try to show students the differences between US GAAP and IFRS, I realize that I'm dealing with an area that requires awareness of continual changes. Of course, that is already true for FASB – but to keep up with changes by two standard setting boards opens up new opportunities to be wrong about the similarities and differences. Understanding those differences was made easier by the reconciliation schedule that the SEC used to require of foreign filers and I've seen several studies that show that the differences are not consistent. In other words, one cannot conclude that net income is always higher under IFRS or make any other generalization.

After my year or so of study – primarily related to the areas I'm teaching in the second intermediate accounting course – I can speak from experience when I say that the educational aspects of the transition will be crucial. There will be a high re-training cost for existing professionals. And as educators, we will need a very clear plan – particularly with respect as to when the CPA exam will start requiring IFRS and whether we will continue to have separate/different standards for nonpublic companies in the US. If we adopt IFRS for public and something else for nonpublic companies, we aren't much better off than we are right now – trying to teach students two different sets of standards (3 if you count GASB). However, adopting some sort of "IFRS light" for nonpublic companies would still leave us with the problem of what to do about not-for-profit entities which are not discussed at all in the IASB standards. I've been reading the Canadian white paper that asks for comments on what to do with their not-for-profit accounting standards. I can say that MOST not-for-profit organizations in this country would NOT want to have to adopt GASB standards: they are too specialized for entities with the power to tax.

From my perspective as a small investor, I'm concerned primarily with comparability. The ladies in my investment club are more likely to use information from financial intermediaries (often on-line services) rather than the actual financial statements. So we produce and discuss charts that compare companies in the same industry – comparable P/E ratios, liquidity measures, etc. With the phase-in plans, we would probably end up (unknowingly) comparing a company following IFRS to a company reporting under US GAAP. And even if we looked at the audited financial statements, we would not be able to tell for sure whether the results are actually comparable! Personally, I think it was probably a mistake to permit foreign companies to trade shares in US markets without providing that reconciliation between IFRS and US GAAP. If the SEC does decide on a phase-in similar to that in the proposal, I hope that a reconciliation schedule is required during the transition period so that it would still be possible to compare oranges to oranges. In fact, it would probably be helpful for both those who had adopted IFRS and those who had not yet adopted IFRS.

Thanks for the opportunity to comment on this important issue.

Teresa P Gordon

Teresa P. Gordon, PhD, CPA
Professor of Accounting
University of Idaho
Moscow, Idaho 83844-3161