

The following comments are respectfully submitted by
graduating seniors at Jacksonville University.

Shawn Beauchamps: If the SEC says IFRS is a good enough accounting standard for us, how can you say it's not good enough for our own companies. Standard-setters still have a lot more work to do to craft IFRS into a set of accounting guidelines that is up to par with the U.S. GAAP. Some think that the U.S. would be adding complexity to an already fairly complicated system. I say if countries around the world can be taught to learn this reporting system, then the most powerful country in the world can also.

Companies will have to spend a great amount of money to send their employees and contractors through advanced training and workshops to teach them the new financial reporting system. However, many companies adopting IFRSs have benefited from a reduction in costs. Companies that prepare and file financial statements in multiple jurisdictions have seen cost savings when they prepare financial statements in accordance with IFRS. The use of one set of globally accepted standards not only for public reporting requirements, but also for local or statutory purposes, has further reduce the overall costs of financial reporting.

I believe that IFRS is good for the U.S. and we are on the right path. The issues dealing with the change are all temporary. By leveraging current knowledge about U.S. GAAP and focusing on the key differences in principles and alternatives in IFRS, U.S. companies can more effectively train their professionals, thus spending less money. All the other problems will be ironed out as time progresses.

Jessica McKinsey

A. Effects on the Business Community

1. Favorable Valuation

I find the valuation methods used under IFRS preferable to those used in GAAP for most areas of recordation, with the exception of revenue. Perhaps based upon training but I strongly side with the GAAP principles when it comes with recognition of revenue when it is actually earned, which is so closely tied with the expense of earning the revenue that the actual fair value of the potential future revenues cannot be reasonably separated. In most cases, the adjustments for fair value allow a cleaner more concise picture of the overall financial health of the corporation, which as an investor and employee is vital to confidence in long term solvency and profitability.

2. Extensive Cost in Uncertain Economic Time

The Center for Audit Quality brings out that the bulk of the substantial cost for the transition from US GAAP to IFRS is encompassed in the education of employees. (Ms. Nancy M Morris, 2007) Considered later in this report, are suggestions for deferring some of the cost of training. That being said, there is still a very high cost to capital within the transition process. Taking into account an entire technical transformation and software upgrade along with the potential losses and gains from restatements in fair value, the transition to IFRS is equivalent to completely shutting down a corporations financial records and rebuilding them. Requiring a corporation that may be on unstable ground due to current outside economic factors to undertake such an asset demanding project could result in catastrophic failure. The transition process current outline does allow for this cost to be born over several periods, however this option does not remove the financial burden for companies who may not have the initial capital outlay for the transition process.

3. Market Effects

It is well known that the current financial markets are in a volatile state. In times of economic uncertainty, vast changes to the way investors and operators understand competitive advantages and successful business signals has the potential to cause a market reject and ultimate reset. Currently the United States top three industrial average's (Dow Jones, S&P 500, and NASDAQ) are down an average of 69% over the past 12 months alone. ⁱ

Complicating an unstable market with additional variations creates an unknown quantity for investors and the global market risks losing capital power, which could revert back and cause the cost of capital for the transition process to bankrupt the corporation.

B. Effects on Individuals within the Accounting Industry

1. Continuing Education

Graduates entering the job market within the next 2-5 years will not have the necessary training to be employable immediately practicing under IFRS. The current CPA and CMA exam as well as the standard curriculum does not follow IFRS standards. Being trained for 4-6 years under GAAP provides a solid foundation for general principles of accounting. In order to effectively transition our current employable work force as well as those individuals newly entering the financial markets, a subsidized program to provide specific education in differences and general principles of IFRS as well as how they deviate from traditional US GAAP would be advantageous.

Accounting remains one of the few professions with extensive continuing education requirements; however these requirements do not always cover the

needed information for the transition. A standardized course to provide all practicing accountants and those in related fields with the training to be effective managers and decision makers will prove to be a key factor in developing the future requirements and clarifying principles to limit exposure do to unintentional error.

2. Employment Opportunity

The diversified experience and educational background provided by an understanding of IFRS allows accountants new to the industry to pursue a broader variety of opportunities. Instead of being limited to the US based on experience with methods used, the job market becomes a global marketplace. With the instability of current and emerging markets and the general job market becoming tighter, being able to employ skills across national boundaries can ultimately spur our domestic economy.

Aaron N. Joshua, Jr. After analyzing many of the variations between IFRS and US GAAP I feel the international standards more adequately portray the financial position of any company. However, in reporting for specific items the international standards require much more work. Since it is the intent of the US to remain a prominent player in the world market, it's important that we allow investors and users of financial statements a fair basis in the comparison of corporations operating in different countries. A single standard completes that objective. I also feel if a basis of regulation was designed with its intent being to cross international borders, it was have to be written in a matter that follows only the fundamentals of accounting while reporting for infinite variations of possible transactions. It is my opinion that the regulations created by the International Standards Board accomplish just that goal. However, history has shown that corporations actively seek to satisfy their own objectives and operate in the best interest of their stakeholders. Hence, the lack of regulation within the international infrastructure allows for much more creative interpretation than the US counterpart. Perhaps the best solution is a hybrid. Perhaps the US should accept the International standards for all corporations. But, with the stipulation that the International Standards Board create a reporting requirement that reporting companies prepare a datasheet which makes the translation of financial statements to regional interpretations of global standards easier. These data sheets can show the journal entries and costs associated with material transactions. I feel this minor but cumbersome addition would better account for the cultural and regional divide that occurs when individuals of different origins meet to do business.

Dear SEC,

As student of accounting and the financial system, a adoption of IFRS seems natural. It can easily be argued that IFRS has flaws and is less mature than GAAP. It is my belief, however, that the benefit of complete transparency between companies in different nations all across the globe outweighs those flaws. Once one becomes comfortable with the fact that accounting is merely the language to communicate financial information, one also becomes comfortable that it is more important that everybody speaks the same "accounting dialect" than that the dialect might have some words that sound funny.

Sincerely,

Martin Emanuel Persson

Anonymous Student: It is important for the SEC to understand the big picture and take note from an international perspective. Our accounting elite need to understand the concept of a globalized marketplace that has recently become increasingly more and more internationally intertwined. Sure there are disadvantages and advantages of a switch from GAAP to IFRS and some are more obvious than others; but the underlying goal must be to strive for conformity in financial statement reporting across the board. Time will be saved, comparability will become easier, and investors will have a uniform base of data to make wiser investment decisions. So far the SEC has handled the situation in a very realistic fashion. Their proposal for a U.S. shift toward IFRS has been projected to take several years with gradual layers of implementation into the corporate environment. It is important for our economy to take its time with this shift and not rush into something with such a vast and significant national and global effect. It is crucial for the SEC to give as much pertinent insight into the IFRS system so as to help infuse in it additional U.S. GAAP insights. The involvement of the U.S. in IFRS is of great significance, and it is the sheer economic size of our country that makes it the SEC's responsibility to voice their opinions into these international standards. A proper mixture of conservatism associated with GAAP and the freedoms found within the IFRS system could prove beneficial to all parties involved. The U.S. needs to be working toward achieving a widespread consensus on pursuing a middle ground associated with certain extremes found in GAAP and IFRS.

Anonymous Student: In my opinion I believe the switch from US GAAP to IFRS is for better. For multinational companies, it is not cost efficient for them to maintain two sets of books on different standards. By switching to IFRS, it will cut cost in those companies and prevent errors in the presentation of the financial statements arising from knowing and using two different accounting standards. Studies show that more often than not earnings are usually higher under IFRS and US GAAP. This is also another benefit for companies and also serves as an incentive for them to switch.

When doing business globally, companies have to deal with people who speak different languages and do business in countries that have different cultures. Switching to IFRS will break the communication barrier as far as the understanding and presentation of the financial statements are concerned. Presenting IFRS based financial statements will invite and increase the number of investors analyzing and willing to invest in a company. Having one set of standards that is used internationally enables investors and shareholders to better evaluate the company. Deadlines are already in place for the transition from US GAAP to IFRS in the United States, and I strongly believe and support this plan. Overall it will increase our marketability to foreign investors, increase the country's inflow of money, reduce the cost for multinational US based businesses, and increase the ease of doing business in foreign countries.

I also believe that applying the gas for the implementation of IFRS should be done now, given the state of our economy. The US economy is in a recession if not approaching one. It is logical to implement it now while the economy is bad, rather than wait until it becomes better to implement IFRS. Implementing IFRS later, may cause the economy to take a turn for the worse. Similar to the BIG BATH approach GE took when managing earnings, by trying to recognize as much negative information as possible in one bad year, than risk recognizing it in the future against good years.

Anonymous Student: With the SEC planning on dropping the first bit of International Financial Reporting Standards by next year, I think public companies and universities both should begin equipping their employees and students with a more current education focused on the IFRS. This is one huge move that is not going to go away but only become more relevant as time goes by.

I think personally that the United States GAAP convergence with International Financial Reporting Standards was inevitable based on the growth IFRS has experienced in the past seven to eight years. With the amount of jurisdictions already requiring the use of International Financial Reporting Standards and those countries such as Canada and India making the switch, this was a perfect time for the United States to also jump on the boat. The longer we waited to adopt the IFRS, the further behind the learning curve our country would be and that is not something you want when you are dealing with money and financials. There is no better time than right now to be making this switch from US GAAP to IFRS. I believe this because with our nations economy in such turmoil and that reflecting on the rest of the world, making a switch like this can not make economic matters worse by any means because the problems at hand go so much deeper than that. Also, by converging at this time our economy will thrive even stronger when this recession ends because we will be on the same page as the rest of the world. I believe that the United States has waited to long to make this jump from US GAAP to IFRS. Our country still believes we are the biggest and most important economy in the world but I believe other economies such as the European Union have caught up with us and it is time we bit the bullet and joined the same team as them. We are a proud country but I believe in the saying, "If you can't beat 'em, join 'em" and that is exactly what we have done here in the past few months. Now that we have decided to go to International Financial Reporting Standards, it is very important that all necessary actions are taken to educate current and future accountants about IFRS. Yes US GAAP will still be around for a few years but its relevance in our countries financial world is decreasing a great deal and it is important that

accountants and students understand this. Universities need to begin creating a curriculum focused on both International Financial Reporting Standards and US Generally Accepted Accounting Principals instead of just the latter. Educating students about IFRS at the university level will give them an advantage when joining the workforce and will also help companies save money. If companies could choose someone who is familiar with IFRS or someone they will have to educate themselves, the choice is obvious. It is much cheaper to hire someone that already knows what they are doing then have to pay for the education themselves. The role Universities will play in this convergence is huge, not only can they make things cheaper for companies but they will also help make this transition much smoother and ride much less bumpy. I think this is great news for investors in the United States and around the world because it will make things easier on them when trying to decided to invest in a company or not.

The convergence of US GAAP and IFRS was inevitable, having the SEC step in and announce this convergence now rather than in a few years benefits our country an incredible amount because no one wants to be behind the learning curve. Having a common standard internationally will be very important in the future as our world continues to grow and economies begin to strengthen again. It may take a while to notice that the benefits will outweigh the negatives but I believe this is an overall good thing for our country.

Anonymous Student: Well there are only a couple of statements and/or question I have about IFRS. For instance, how does this affect me as a graduate of 2009? ; What's going to happen to employment in the finance and accounting field due to the furthering of education of IFRS? ; And based on the U.S. economy, is this the fix we need?

Due to the date that IFRS is to come into existence in the U.S., I think that we as graduates have only two things to weigh for our chances of employment in the fields of accounting and/ or finance. One would be that we could have a good chance due to the demand for these positions but the playing field now is expanded and we will not just be competing among ourselves for jobs but against the rest of the world. I believe the second thing we have to look at is the furthering of education. Companies may not want to take on the burden of a new graduate which whom they will had to turn around in two years to re-train. The cost may be too extreme, especially by the way the economy is right now. Furthermore, the current employees of the companies will need the extensive training as well. The graduates that I believe will feel it the most is the graduates of 2011 due to the fact that the U.S. curriculum hasn't began to teach International Standards of Accounting. The standards that are still being taught is the U.S. GAAP. And it seems to me that that information is equivalent to the time value of money. As time goes on the less valuable it is, because we're not earning interest and we could be allocating our time and efforts to something that could actually benefit accounting students, like IFRS information. The last thing I want to touch on is the economy of the U.S. , SEC made good points towards the IFRS, especially for the investors but as far as right now I think that the conversion of IFRS will not solve the crisis of the economy slump for us. For now it looks like the conversion would put us in an even more slump. The advantages of IFRS are appealing for the world's view but first the U.S. needs to handle its current transactions with diligence and care. We've had a strong set of accounting principles for a while and it actually took over a hundred countries to even to compete with the U.S. GAAP. And even now, IFRS is being compared to U.S. GAAP. Overall, the simplicity would help all the countries involved, but I think

the IFRS immaturity isn't so good to look at as an opportunity for a new start. As for now I believe our country need to re-focus business efforts back to the U.S. May be if we did more in-sourcing than we do out-sourcing we could actually address the issue of our country's debt. Ultimately, what choice do I have towards this conversion? All I can do, all I can say is get ready!

Anonymous Student

With all the current issues and information that is available I have been developing my own opinions on how, when, and why we should commit to the convergence of the U.S. GAAP and the IAS. As a current accounting student in my junior year of college I may not be as important or well educated as some of the other accountants or businessmen that are dealing with this issue, but this change will be taking place as I'm finishing my schooling and advancing into my career. With that in mind it is very easy to see that these changes are extremely relevant to me.

Sitting in a classroom with ten other accounting majors trying to learn the many different rules, exceptions, and procedures that go along with accounting isn't always the most enjoyable environment. Many students don't make it through to the accounting field because it is such a tough subject to comprehend and excel in. With this new set of standards being proposed for acceptance I have become a little apprehensive. While I feel that converging the world to one set of standards will definitely be in the best interests of businesses and their accountants in the future it still makes me question the process of this massive transformation and how it will not only affect the companies in the switch over process, but how it will affect the current accountants and especially the accountants of the very near future.

As a future accountant you are currently working with one set of comprehensive rules and regulations. When this switch takes place not all, but many changes in accounting will be taking place. So how will the teaching of these new rules be dealt with? The planning process on the road to convergence as they call it needs to remember and consider the accountants of the near future in their plans layout. If they do in fact take all aspects of the change into consideration and really plan

efficiently then the teaching should coincide if not come a little before the change takes place as to not leave anyone especially your future accountants in the dark.

With everything taken into account from a planning and compromising stage this convergence project should result in a much better way of doing international business. The results of this change should only favor the United States. Putting everyone on a level playing field will encourage more international trade and reduce the hesitation of other countries from trading with us. Also it will cut down the amount of time the accountant need to spend on international trades, and as you know in the business world time is money. "Our multinational companies are at a distinct disadvantage since they must keep two or sometimes three sets of books to comply with FAS, IFRS and perhaps another local accounting standard. The burden on the accounting departments of these companies is very great"(Smart Business 2). Another key factor is that there will be less that has to be remembered when going into trades with other countries. Yes, you should know how to do all the accounting and you have resources, but no one is perfect and having everyone do their books the same way will result in less errors and less money lost.

The last thing about the United States converging with the International Accounting Standards is that we are a powerhouse of a country. We will not be bullied around when compromising with the standards being set and will not get the short end of the stick. With us taking this step in the accounting/business world will only lead to more countries following behind. A global accounting standard could someday be in the future and that could be the best, or most fair thing that could happen. So take that necessary steps towards a better future, but don't move to quickly because doing it correctly is the most important part of this switch.

Anonymous Student: In my opinion, the International Financial Reporting Standards should be our primary method for reporting the financial reports for companies world wide. It is established that in any relationship, communication is the key to a long successful relationship. If there is a proposal for a universal business language such as the IFRS, we should take advantage of the opportunity given, because this will help us as a community, communicate more efficiently. IFRS will also place everyone on the same level playing field and we can truly conclude whether a company in the U.S is more profitable than a company in another country. It has been stated by in the Journal of Accountancy that IFRS is less complicated, and that it does not include a great deal of details. That can be a good and a bad thing for our auditors, because less details can lead to misunderstanding, but on the other hand, less details can also mean more precise procedure and information. Adopting the new standards can be a bit challenging given the fact that very few U.S schools teach International Financing Reporting standards. Therefore, students as well as professionals would have to seek additional education to be able to apply IFRS.

IASB Chairman David Tweedie and his counterpart FASB Chairman Robert Herz believe that the change is needed, and can be a beneficial movement but they just don't agree with the timeline given by the SEC. They believe that we should combine the two standards, and come up with the world's best standards. I believe that, the idea is an intelligent and logical idea. I believe we should highlight the best points of each standard, and merge them into one prolific, straightforward set of standards, that way almost everyone will be satisfied. I don't agree with some companies in the U.S currently using the unrevised version of the IFRS, it seems to defeat the principle of all of us being on the same page. The convergence should occur at the same time for every company, and it should when the revised set of standards is complete. The Securities

Exchange Commission suggested a proposal to allow U.S Companies to choose between preparing their financial statements using IFRS ad GAAP. (Jonson) A “two GAAP system” would result in conflicts within the U.S as opposed to the current conflict between the U.S and foreign countries. The entire purpose of this change should be to make business transactions and relationships around the world less problematical, and more smooth sailing.

As we discuss the innovative proposal to adopt the IFRS as the new GAAP, we can not overlook the affects that it may have one the smaller businesses. There is a lot of work to be done if the SEC continues on its path to adopt the IFRS, which would require all publicly traded companies to use IFRS by 2016. Converting to another accounting language will involve an extensive and possible revamping of IT systems and accounting policies and procedures, as well as employee training and evaluation of possible tax implication. (Jonson and Leone, CFO.com) In 2002 when the Sarbanes Oxley Act was implemented the small companies took a major hit financially in trying to comply with the new act. I think this might transpire again and that would not be a good thing for small companies trying to convert. According to the KPMG partner Janice Patrissio, starting the transition early and avoiding procrastination is the key to a successful, less expensive convergence. On the contrary, it is possible that small companies are going to sit and wait because they believe that it will take longer for the IFRS to implemented completely, and that’s where the hindrance come in to play. “There is going to be a tendency among smaller companies to postpone the inevitable and not spend resources now,” said J.H. Cohn partner Kenneth Nielsen Goldmann. The positive thing about the smaller companies procrastinating is that the can watch and learn from the mistakes of the larger companies.

Last but not least, I must discuss the issues about the graduating accounting students. Accounting professors believe that it will take at least two years before they can fully prepare

students for the widespread use of international standards, and that the first students knowledgeable about IFRS won't be until 2011. (Jonson, CFO.com) All of our textbook are out dated, due to this proposal, and the professors are forced to wait for the updated textbooks to be published before they can began implementing IFRS. That is a major concern for me because I don't want to feel as if I am unprepared for the corporate world, given that I have rightfully earned a degree.
