Comments on Proposed Rule:
Acceptance From Foreign Private Issuers of Financial Statements Prepared in Accordance With International Financial Reporting Standards Without Reconciliation to U.S. GAAP

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We commend the SEC for its emancipatory approach in proposing this rule. We also commend the SEC for its transparency in exposing the rule for comment.

We do not agree with critics of the FASB that a hegemonic influence is prevailing in the business of accounting standard setting.

We see that joint conceptual framework approach by FASB and IASB staff as a first step not a defensive move by the FASB as suggested by FASB critics.

For too long the FASB, responding to the need for accounting for economic transactions in the undisputedly most developed nation of the world, has had to pioneer new standards…often alone.

We believe that reconciliations to US GAAP should be maintained as accounting is subject to local environmental influences around the world. Evidence the 56 Islamic Accounting Standards (AAOIFI).

We feel that the typical assiduously trained accountant does not often appreciate that one set of global IFRS will not measure economic realities in different countries. Local accounting standards will prevail in many countries. This dual model of accounting reporting is particularly important for SMEs who may not trade locally and need to respond to local tax directives in their financial reports.

We have reviewed the evolving role of standard setting by the IASB and find that it lags behind the US FASB. We do not intend to be drawn into the specious argument that the US is rule based and the IASB is principle based…both are based on the Anglo-Saxon model of accounting…it is just that the US FASB had to respond earlier to new financial instruments and the like. At the date of writing this submission, August 27th 2007, we found that the IASB have in place 42 standards of which 34 were grandfathered in from its predecessor the IASC.

At the same date the FASB have 159 standards and have grandfathered in from the APB19 opinions which still stand.

At the time of writing this submission we believe that the IASB has 40 full time equivalent technical staff and the FASB has 68 research staff.

We present these facts to support our contention that the acceptance of financial statements based upon IASB standards without reconciliation to US GAAP may be severely premature. We urge the SEC to not succumb to this growing hegemonic pressure from the London based IASB and others.

We dispute the cost argument by MNCs that preparing US GAAP reconciliations is too costly.

Investor protection will be best served by not forcing the adoption of ill-fitting IFRS to local situations and the accepting these Financial Statements by the SEC. US GAAP reconciliations should continue.

We urge you to consider and regard as spurious the arguments of some that IFRS with its short comings would be better than FAS from the FASB.

The position of two respected academics, Radebaugh and Gray (Wiley 1997, p.5), is even truer today:

> …no two systems are alike…accounting systems evolve from and reflect the environments they serve.

We concur with Rodriguez and Craig (Critical Perspectives on Accounting V. 18, 2007, p.747) that:

> …accounting practices should reflect diversity . Therefore, socioeconomic and cultural differences between countries should lead to different accounting systems, rendering harmonization [and convergence] a misplaced endeavour.

The case for continuance of US GAAP reconciliations is made.

Daimler Chrysler Group made an operating €3.8b in 2006. When translated from this IFRS method of accounting to US GAAP the profit fell to €3.2b in 2006…a massive drop of $US 818m.

We disagree with the statement of the MNC, Daimler Chrysler, that:

> “The number of differences between US GAAP and IFRS with a significant impact on our consolidated financial statements is low” .

A gross understatement if ever there was one and perhaps a condemnation of so-called principles-based IASB financial reporting standards at least for reporting to US investors.