

The Institute of Public Accountants
**Comments to AASB and IASB on ED
2015/2: Effective Date of IFRS 15**

June 2015



IPA INSTITUTE OF PUBLIC
ACCOUNTANTS®

23 June 2015

The Chairman International Accounting Standards Board 30 Cannon Street London EC4M 6XH United Kingdom	The Chairperson Australian Accounting Standards Board PO Box 204 Collins Street West Victoria 8007 Australia
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Dear Sir/Madam

Effective Date of IFRS 15

Thank you for the opportunity to comment on the proposed amendment to the effective date of IFRS 15 'Revenue from Customer Contracts' as described in Exposure Draft ED 2015/2 *Effective Date of IFRS 15* (proposed amendments to IFRS 15).

The IPA **does not support** the deferral of the effective date of IFRS 15 and its Australian equivalent AASB 15. In short, user needs for quality information comes before preparer wants for deferral of the provision of such information.

The IPA agrees with the reasons set-out in paragraphs BC4 and BC5 of the exposure draft outlining the reasons for non-deferral. In particular, the IPA believes the deferral of the effective date not only creates uncertainty, but taints the standard-setting process and undermines the credibility of the IASB and its ability to publish quality standards in a timely manner.

The IPA is a professional organisation for accountants recognised for their practical, hands-on skills and a broad understanding of the total business environment. Representing more than 35,000 members in Australia and in over 65 countries, the IPA represents members and students working in industry, commerce, government, academia and private practice.

Through representation on special interest groups, the IPA ensures the views of its members are voiced with government and key industry sectors and makes representations to Government including the Australian Tax Office (ATO), Australian Securities and Investments Commission (ASIC) and the Australian Prudential Regulation Authority (APRA) on issues affecting our members, the profession and the public interest. The IPA recently merged with the Institute of Financial Accountants of the UK, making the new IPA Group the largest accounting body in the SMP/SME sector in the world.

We reject the circumstances surrounding IFRS 15/AASB 15 are exceptional as set out in BC6. In particular:

1. Note other standards have had amendments of a more substantial nature issued without resulting in the deferral of the standard e.g. the investment entity exception to IFRS 10 'Consolidated Financial Statements' and significant changes to IAS 39 'Financial Instruments: Recognition and Measurement' before the commencement of IFRS in Australia.
2. We do not believe an implementation date of two years is insufficient to make the necessary changes to systems and processes for preparers. The Australian conversion to the full suite of IFRS standards was undertaken in a similar time frame.
3. We totally reject a linkage of implementation date to Topic 606 as being relevant for IASB. The implementation issues arising from the changes in US GAAP are not relevant for the users of IFRS. An improved standard that is in the interests of users should not be delayed just to have the same applicable date for one jurisdiction, particularly when that jurisdiction is not in the IFRS compliant family. One jurisdiction's decision should not have influence over the IASB decision-making process.

The IASB must resist the temptation to tinker with standards that have been issued but not operative as this reflects poorly on quality standard-setting. Changes should be made as part of a post-implementation review not a pre-issuance issue review.

Furthermore, the IPA is concerned that the delay of IFRS 15 will mean the standard will have the same operative date as IFRS 9 'Financial Instruments', and potentially revisions to lease accounting and insurance contracts. As a result, such a delay may put more pressure on preparers, rather than having a staggered effective date.

While the IPA recognises the need for appropriate due process, the IPA is concerned at the length of time the IASB has taken to address the perceived shortfalls in financial reporting exposed by the Global Financial Crisis (GFC). Many of the responses to these shortfalls will not be reflected in financial statements until a decade after the commencement of the GFC. This raises questions as to the IASB's resources, project management capabilities and priorities. Such concerns are only exacerbated by the uncertainty now created by the proposal to defer IFRS 15.

If you would like to discuss our comments, please contact me or our technical advisers Mr Stephen La Greca (stephenlagreca@aol.com.) or Mr Colin Parker (colin@gaap.com.au) (a former member of the AASB), GAAP Consulting.

Yours faithfully

A handwritten signature in black ink, appearing to read 'V. Stylianou', written in a cursive style.

Vicki Stylianou
Institute of Public Accountants
Executive General Manager, Advocacy & Technical