



European Federation of Accountants and Auditors for SMEs

Technical Manager
International Accounting Education Standards Board
International Federation of Accountants
277 Wellington Street West, 4th Floor
Toronto, Ontario
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CANADA
Brussels, 19 September 2011

Dear Sir

Exposure Draft - IES 1, Entry Requirements to Professional Accounting Education

The European Federation of Accountants and Auditors for SMEs (“EFAA”) represents accountants and auditors providing professional services primarily to small and medium-sized entities (“SMEs”) both within the European Union and Europe as a whole. Constituents are mainly small practitioners (“SMPs”), including a significant number of sole practitioners. EFAA’s members, therefore, are SMEs themselves, and provide a range of professional services (e.g. audit, accounting, bookkeeping, and tax and business advice) to SMEs.

EFAA appreciates the opportunity to comment on the Exposure Draft - IES 1, Entry Requirements to Professional Accounting Education. We welcome the approach of the ED which seeks to reflect the fact that the overall objective is to “develop a competent professional accountant and that there are different processes, activities, and outcomes which contribute to the achievement of competence.” We also welcome a more inclusive approach to professional accounting education whilst establishing fair and proportionate entry requirements.

Discussion Questions

Question 1: Is the requirement in Paragraph 7 clear, particularly the concept of “a reasonable chance of successfully completing” balanced with “not putting in place excessive barriers to entry”? If not, what changes would you suggest?

In general we believe that the requirement is clear although we would welcome further guidance.

We accept that a more principles-based approach has significant merit in introducing flexibility to deal with the current diversity of accounting education and guarding against excessive entry requirements. At the same time it enables consideration to whether entrants have the necessary aptitude to successfully complete the program.

On a practical note it may be that a stricter definition is easier to apply as it provides more clarity and can reduce the risk of any unintended reduction in entry standards. We also note that in some jurisdictions the entry requirements are not under the control of the accounting body but may be set by Universities, for instance.

Question 2: Do you envisage any difficulties in complying with the requirements of IES 1? If so, how would you propose addressing them?

We do not envisage any difficulties.



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Question 3: What is the impact in implementing the requirements of IES 1 to your organization?

Our members do not believe that there will be any impact from implementing the new IES 1.

Question 4: Are the Explanatory Materials sufficiently clear and comprehensive? If not, what changes do you suggest?

In paragraph A6, we believe that the IAESB could further clarify the criteria for a “reasonable chance of successful completion”.

We appreciate the intent of the term but wonder how this would be translated, defined and thus applied. We suggest that other phrases could be used that may be more easily translated and understood such as “potential to complete” or “more likely than not to be successful”.

Question 5: Is the objective to be achieved by a member body, stated in the proposed revised IES 1, appropriate?

We agree with the objective of the revised standard in terms of both assisting candidates and protecting the public interest.

We note that differences in jurisdictions often result in professional bodies having different responsibilities to government and/or educational institutions. It may be helpful to add guidance on how far a professional body should monitor the element of education that is not directly under its remit and control.

Question 6: Have the criteria identified by the IAESB for determining whether a requirement should be specified been applied appropriately and consistently, such that the resulting requirements promote consistency in implementation by member bodies?

Yes we believe so.

Question 7: Are there any terms within the proposed IES 1 which require further clarification? If so, please explain the nature of the deficiencies.

None with the exception of those noted above.



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Translation and implementation

Translation and adoption in all countries, including developing countries, would be assisted by the use of plain English. That said, we believe that the effective date promoted in the draft IES is reasonable.

I trust that you will find the above comments comprehensive but should you have any questions on our comments, please do not hesitate to contact me.

Yours faithfully,

Federico Diomeda
Chief Executive Officer