

**Susan Kemp**

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**From:** tony [tony@bfandsl.co.uk]  
**Sent:** 01 February 2010 10:57  
**To:** UK Gaap  
**Subject:** The Future of UK GAAP

Dear Sirs,

Our responses to the 16 questions set out on pages 3 to 5 of the Consultation Document are as follows:

1. We prefer the Board's proposal for the definition of Public Accountability. We are however at a loss to see how Credit Unions (especially Version 1) fall within that definition, as intimated in the consultation document.

Most Version 1 Credit Unions do not hold assets for a broad group of outsiders, and their motto is "not for Charity, not for Profit, but for Service".

The users (members) of Version 1 Credit Unions have difficulty with the simplest of Financial Statements, and any increase in information will confuse rather than clarify.

We can envisage no benefit, but a potential increase in cost is very likely.

We therefore believe that the consultation document indicates a lack of understanding of Credit Unions, their objectives and their members.

We also believe there is an inconsistency highlighted in Section 4.6 where entities should not be treated any differently from companies. The audit of Credit Unions is not deemed to be of the same importance as those of Limited Companies. The level of expertise required to audit a Credit Union is not seen as equivalent to that required to audit a Limited Company. An auditor with the experience in auditing Company accounts sufficient to become a "responsible individual" can be appointed the auditor of a Credit Union without any prior experience in the sector. A person with extensive experience in auditing Credit

Unions but little experience in Company audits will have difficulty obtaining "responsible individual" status and cannot sign off any audits whatsoever.

If Credit Unions are to be linked with Companies for Reporting requirements, surely the status of the audit should be recognised as equally important.

2. Yes, on the basis that "Public Accountability" is correctly defined.

3. Yes.

4. No.

5. Yes.

6. Yes.

7. Yes.

8. Yes.

9. Yes.

10. Yes.

11. Yes.

12. The standard should cover only those issues where IFRS or IFRS for SMEs need to be supplemented

for the public benefit sector.

13. Yes.

14. Yes.

15. The effects on the users of Credit Union Financial Statements will be to cause confusion. There will certainly be additional costs in the transition year, with the possibility of continuing higher costs.

16. Acceptable.

Yours sincerely,  
A M Massarella FCA

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