

19 September 2006

Mr Thomas Seidenstein  
International Accounting Standards Committee Foundation  
30 Cannon Street  
London EC4M 6XH  
United Kingdom

*(By email: ifricdueprocess@iasb.org)*

Dear Mr Seidenstein,

**DUE PROCESS OF THE INTERNATIONAL FINANCIAL REPORTING  
INTERPRETATIONS COMMITTEE (IFRIC) – DRAFT HANDBOOK**

1. We are writing to provide our comments on the *Due Process of the International Financial Reporting Interpretations Committee (IFRIC) – Draft Handbook* issued by the Trustees of the International Accounting Standards Committee (IASC) Foundation for public comment in May 2006.
2. Our comments below address the specific questions set out in the “Invitation to comment” section.

**Question 1 – Agenda Committee**

The Agenda Committee assists the IASB staff in presenting issues to the IFRIC so that the IFRIC can decide whether to add an issue to its agenda (paragraph 23). The Agenda Committee is not a decision-making body and does not meet in public (paragraph 26). The Agenda Committee reports to the IFRIC at its regular meetings on the issues the Agenda Committee considered and the Agenda Committee’s recommendation on each issue (paragraph 27).

Do you agree with the Agenda Committee process described in paragraphs 23–27? If not, what changes do you propose, and why?

**We agree with the Agenda Committee process as described in the draft Due Process Handbook.**

## **Question 2 – Agenda criteria**

The IFRIC assesses proposed agenda items against the criteria listed in paragraph 28. For inclusion in the agenda an issue does not have to satisfy all the criteria.

Do you agree with the agenda criteria listed in paragraph 28? If not, please specify the criteria you would add, alter or delete, and explain why.

**We generally agree with the proposed agenda criteria. However, criterion (e) (i.e. ‘It is probable that the IFRIC will be able to reach a consensus view on a timely basis’) appears to have more practical than conceptual merit. As the ‘timeliness’ consideration is adequately addressed in paragraph 31, it may not be necessary to include it as an agenda criterion.**

**In addition, IFRIC may wish to consider segregating between primary and secondary criteria to better reflect the importance and relevance of each criterion.**

## **Question 3 – Consultation regarding issues not added to the IFRIC agenda**

A consultative period applies to issues that are not added to the agenda. The draft reason for not adding an item to the agenda is published in IFRIC *Update* and electronically on the IASB Website with a comment period of about 30 days.

Do you agree with the consultative process for issues that are not added to the IFRIC agenda? If not, what changes do you propose, and why?

**We agree with the consultative process for issues that are not added to the IFRIC agenda. We suggest that the party putting forward the suggestions be notified of the draft reason at the same time.**

## **Question 4 – Relationship with national standard-setters and interpretative groups**

The IFRIC’s relationship with national standard-setters (NSSs) and interpretative groups (NIGs) is described in paragraphs 54 and 55.

- (a) Do you agree that NSSs and NIGs should be encouraged to refer interpretative issues to the IFRIC? If not, why not?

- (b) Do you agree that the IFRIC should not consider local interpretations and comment on whether they are either consistent or inconsistent with IFRSs? If you disagree, please explain why.

**We agree that NSSs and NIGs should be encouraged to refer interpretative issues to IFRIC. We also agree that IFRIC should not consider local interpretations or comments on whether they are either consistent or inconsistent with IFRSs.**

**However, in order that NSSs and NIGs do not feel compelled to promulgate a large number of local interpretations, IFRIC should endeavour as much as possible to consider local circumstances in issuing relevant interpretative guidance. It is important to understand and recognise that there is diversity in local circumstances that may arise out of the legal framework or business practices. For example, CCDG had written to IASB and IFRIC on the issue of leases. Singapore, Hong Kong and Malaysia share similar concerns over the legal framework and accounting classification of acquired long leasehold interests under IAS 17 *Leases*. In this regard, we note that IASB will be reviewing IAS 17. In general, we are of the view that it is in IFRIC's interest to issue interpretative guidance to address common and widespread application concerns on particular IFRSs/IASs. We believe this would help promote consistent application of IFRS and enhance comparability of financial information.**

**For better clarity, we suggest that the last sentence of paragraph 55 (i.e. ‘The IFRIC, however, will not give assurance that a local interpretation is either consistent or inconsistent with IFRSs’) be amended as follows:**

**“The IFRIC will consider such issues and provide possible interpretative guidance as appropriate. However, it will not give assurance that a local interpretation is either consistent or inconsistent with IFRSs.”**

3. Should you require any further clarification, please contact Mr Ramchand Jagtiani, Deputy Director, at the Institute of Certified Public Accountants of Singapore via email at [jagtiani@icpas.org.sg](mailto:jagtiani@icpas.org.sg). Thank you.

Yours faithfully,

Derek How  
Secretary, CCDG