



LEMBAGA PIAWAIAN PERAKAUNAN MALAYSIA  
MALAYSIAN ACCOUNTING STANDARDS BOARD

CL 63

9 August 2005

Mr Warren McGregor  
International Accounting Standards Board  
30 Cannon Street  
London EC4M 6XH  
United Kingdom

Dear Mr McGregor

**DRAFT MOU ON THE ROLE OF ACCOUNTING STANDARD-SETTERS AND  
THEIR RELATIONSHIP WITH THE IASB**

Thank you for giving us the opportunity to comment on the Draft Memorandum of Understanding on the Role of Accounting Standard-Setters and their Relationship with the IASB.

Having reviewed the document and consulted interested parties to the MOU, we are generally in agreement with the proposal. We also wish to reiterate that where we can be a part of the process of making the IFRSs and IFRICs more understandable and applicable to companies, we shall endeavour to do so.

Our comments are as follows:

1. We believe the responsibility of making sure that the standards issued by the IASB are of the quality that it intends to produce should rest with IASB while the accounting standard-setters will support the rigorous implementation of these standards and interpretations. In the process of implementing the standards, reciprocal support from the IASB cannot be overemphasized. There had been situations where, in trying to promote the standards and explaining to constituents the rationale for the IASB in taking certain decisions over another, we have come across areas where the basis upon which certain critical decisions were taken was unclear or sometimes inconsistent with the basis of earlier decisions on similar matter. Without having been able to support our explanation to constituents with sufficient level of confidence for the IASB basis, it will be difficult to maintain the degree of robustness and potentially acceptance of the provisions of the standards. If this is allowed to prolong, it will affect the credibility of the IFRS. It is this area that explanations on a timely basis from the IASB would be very helpful for accounting standard-setters.

Our view is that while the proposal on communication appears acceptable, it will work better if the IASB makes every effort to respond to or at least acknowledge queries from accounting standard-setters on a timely basis rather than them



having to wait for round-table meetings and other forums before the matter is acknowledged or resolved. In other words, where matters raised by the accounting standard-setters require urgent attention or resolution, efforts should be given to address them accordingly and timely.

In this respect we would recommend that paragraph 3.6 be amended to read as follows:

- 3.6 "Without limiting the direct communication ..... from their own constituents. **The IASB shall, as deemed appropriate, endeavour to respond timely to submissions by accounting standard-setter in a manner or of a nature that would clarify issues or enhance understanding of the standards or interpretations.**"

2. We support the move to encourage accounting standard-setters to identify and communicate common problems with one another so that these issues can be refined and worked through before the IASB or IFRIC considers them. Identification and communicating these issues among accounting standards setters and eventually communicating them to the IASB or IFRIC require extended deliberative process and time to crystallise. This is because the identification, discussion, tentative resolutions at the individual accounting standard-setter has to take place first before it can take place among standard setters.

To facilitate the process of consultation among standard-setters, it is necessary to review the existing comment period to allow for a more meaningful and constructive feedback. We maintain our position in the past and now to strongly suggest that the exposure period for future draft documents, although relatively fewer in number going forward but not necessarily less complex, to be extended to 120 days rather than 90 days.

We hope those suggestions can be considered favourably and if you require further clarification on the above, please feel free to contact Dr Nordin Mohd Zain at [nordin@masb.org.my](mailto:nordin@masb.org.my)

Yours sincerely

**Dato' Zainal Abidin Puthi**  
Chairman