

CA\DT\IASB-2005

August 10, 2005

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

DRAFT MEMORANDUM OF UNDERSTANDING (MoU) ON THE ROLE OF ACCOUNTING STANDARD-SETTERS AND THEIR RELATIONSHIPS WITH THE IASB

Dear Sir,

We refer to the draft Memorandum of Understanding (MoU) on the role of accounting standard-setters and their relationships with the IASB which was exposed by the Board in February 2005 to solicit comments from national standard-setters. After receiving this MoU, we had also exposed it to our members & other constituents, and based on their input, we give below our comments:

Working with Regulators

While IASB has given a mechanism for raising the issues at various stages of standard development, however, there is a feeling amongst some constituents that the comments given by the national standard-setters or regulators are not given the desired level of consideration at the highest level of IASB. This brings the national standard setters in a difficult position while dealing with regulators on convergence that requires amendments in local laws/statutes.

With the introduction of this MoU, it is expected that IASB shall also take responsibility of reviewing comments especially from regulators and national standard setters in detail and respond to their concerns in a transparent manner.

Communication

As mentioned above, IASB should provide an open, transparent and credible process for evaluating the feedback on its proposals (including exposure drafts etc.) for which we suggest that the data base (proposed in paragraph 3.7, 3.16 and 7.2 of the MoU) may also include information on the status of national regulators comments on the IASB proposals.

We believe that the data base, by including following information in it, would help improve the IASB's image that it does consider comments from all participants (i.e national standard setters, regulators etc.):

- Status of the feedback received on the IASB proposal (e.g.under consideration/considered/not considered/referred to IFRIC/ etc.)
- Participant's view on the matter identified
- Reasons for not considering the issue by the IASB or IFRIC

Education

The biggest obstacle in educating the corporate sector and demystifying the vagaries of IAS and IFRS is availability of such standards freely across the board. Currently IASB's web site does not provide, freely, the full text of its standards on its website. A person has either to subscribe to comprehensive service costing around £325 or £70 for the eIFRS. On the other hand, FASB, the US national standard setter, and International Auditing and Assurance Standards Board (IAASB of IFAC) provide the full text of their standards free online. Considering frequent changes in IASB's standards it should provide free access to its final standards on its website and the availability of the latest version should not be a privilege for reporting accountants and auditors only (who have to subscribe to these services due to nature of their work).

IASB should also consider issuing IFRS Handbook in loose leaf binders as changes in the contents of IFRS Bound Volume during the intermediary period between two volumes has become a regular feature with new and revised IFRS being issued along with conforming amendments in the extant IFRS/ IAS.

We hope that the above comments will be considered while finalizing the MoU.

Thanking you

Yours truly

Shahid Hussain
Deputy Director Technical Services