

12 July 2004

Ms Andrea Pryde
IASB
30 Cannon Street
London EC4M 6XH
UNITED KINGDOM

Dear Ms Pryde

Strengthening the IASB's Deliberative Processes

The Group of 100 (G100) supports the IASB's proposals to provide better access to IASB discussions, documents and processes as a means of enhancing the transparency and understanding of its processes and the early identification of controversial issues.

Due Process

The G100 considers that while the IASB's current due process is robust it could be improved by:

- setting out on the web site the stages of the due process for each project and its status so that constituents can readily determine the specifics of the process in respect of each project. In making this suggestion the G100 acknowledges that the steps in the due process will not be the same for all projects, for example, a discussion paper may be particularly significant for some projects while field testing and surveys may be appropriate at different stages of other projects; and
- giving greater prominence to field testing of proposals and issues associated with the practical implementation of standards.

Amendments to Standards

It is particularly unhelpful to preparers if amendments to standards are made at short notice as has occurred in respect of the stable platform. The G100 believes that the IASB should give greater consideration to the potential impact of any changes on those who are applying the Standards. In this regard the passage of an amendment by the IASB is the start of a process in some jurisdictions, such as Australia, where IASB Standards are subject to an adoption/endorsement process before they can be applied in the jurisdiction.

The operative date of standards should take this into account because entities may not be able to make an unqualified statement of compliance where there has not been sufficient time for jurisdictional processes to be completed.

Yours sincerely

A handwritten signature in black ink, appearing to read 'J Stanhope', with a large, sweeping flourish at the end.

John V Stanhope
National President

5. Composition of the IASB

The G100 believes that the size of the Board should be reduced to ten members having relevant and recent experience in applying accounting standards. We believe that the importance of relevant recent experience should limit the tenure of members.

6. Formal liaison relationships

The G100 supports the concept of liaison standard-setters and the broad involvement of other national standard-setters in the IASB processes. However, to describe liaison standard-setters as being partners of the IASB is somewhat of a misnomer as from the practice of the relationships it appears that some partners are more equal than others.

7. Consultative arrangements of IASB

The G100 agrees that the due process requirements should be sufficiently flexible to deal with different circumstances. In order to enhance the transparency of its processes the IASB should, as a matter of practice, publish details of the status of due process of each project as each project proceeds. In addition, the G100 believes there should be a strong expectation of substantive field testing of proposals as projects proceed and that longer lead times for the implementation of standards to take account of national requirements for adopting IASB Standards are necessary.

8. Voting procedures of IASB

The G100 agrees with the proposal to require 9 votes in favour (64%) to approve an accounting standard if membership remains at 14. The same voting requirements should apply in respect of issuing exposure drafts.

9. IFRIC resources and effectiveness

The G100 believes that IFRIC should be restructured/reoriented if it is to provide timely guidance on Year 2005 issues. In this regard IFRIC's relationship with similar national bodies and liaison standard-setters bears re-examination.

10. SAC Composition, role, effectiveness

The G100 supports proposals that the SAC Chair not be a member of the IASB or its staff.

Given the role of SAC and its broad membership including representatives of organizations and members in a personal capacity, the G100 believes that as a liaison standard-setter to the IASB and the fact that Australia has adopted IASB Standards in respect of 2005, Australia should be formally represented at the SAC. In this regard we suggest that the Financial Reporting Council is the appropriate Australian organization to have such representation.

The G100 also believes that SAC should report to the IASB on the range of issues discussed and should formally convey its views/advice to the IASB. The IASB should be required to state its reasons for not doing so when SAC advice/views are not adopted.

Yours sincerely

John V Stanhope
National President