

Dear Mr. Warren McGregor,
IASB member

After receiving a copy of the “Draft Memorandum of Understanding on the Role of Accounting Standard Setters and their relationships with IASB”, we distributed it to all relevant parties in Albania, such as National Accounting Council, and two other accounting Associations (LPKM and SHKSH) in order they will be able to send directly any comment on the content of the memorandum, as well.

At our Institute (IEKA- Albanian Institute of Authorized Chartered Auditors) we discussed all the issues raised in the draft memorandum with the council members and are very pleased to submit you with the following comments:

1. The draft prepared is a comprehensive document that serves to all parties involved in setting up objectives and developing accounting issues. So, we think it will help quite a lot towards converging or adopting with IFRSs. The recent developments in the field of accounting (the accountancy reform in Albania) have foreseen, starting from 2006 the application of:

(a) IAS/IFRSs for a number of entities such as banks, insurance and reinsurance companies, listed companies, foreign entities where the parent company in their country of origin apply such standards, as well as some other large entities.

(b) National accounting standards for the rest of the entities. These standards are in process of preparation. Pricewaterhousecoopers is engaged in drafting these standards which in general, will be in line with IAS/IFRSs.

As the majority of the entities in our country are small and middle size, we remain very much interested on the IASB project on accounting for small and middle-size entireties. So, from this point of view the draft memorandum will be quite useful for the work of our standard setters.

2. Our main comment is on the **project role**. We agree with the content of this part of the memorandum, but we want to emphasize the following issues:

- We are of the opinion that IASB staff should be much more involved in identifying the right people (especially in our countries, where there is lack of capacities in the field of IFRSs) when they shall be involved for example in a “research project...” So, with this kind of preliminary assessment of the local staff, IASB will get more guarantees on the success of these mutual projects.
- In our country there is not enough financial resources, the main source of financing will be state budget and this ought to be considered in any kind of the project.
- The most urgent issue remain the translation of IFRSs in Albanian, where we face difficulties, not only because of the financial resources needed for translation, but also for following the procedures IASB has established for such translations, and to pay the

relevant amount of taxes (such as royalties, etc.) as well. If these procedures, without lowering the quality of the translation, will become easier, this will help in promoting these standards to a large numbers of accountants, both employed and exercising their profession in their public practice.

Finally we consider this document as a good contribution for convergence and adopting IFRSs as a common language of accounting.

With my best regards

Hysen CELA

IEKA - Albanian Institute of Authorized Chartered Auditors