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International Financial Reporting Interpretations Committee
30 Cannon Street, London EC4M 6XH
United Kingdom

To whom it may concern:

The International Accounting Standards Review Committee (IASRC) of the Korea Accounting Standards Board (KASB) is pleased to send you its comments to the consultation paper, *Strengthening the IASB's deliberative processes*.

The enclosed comments are those of the IASRC and do not represent an official position of the KASB. The official position of the KASB is determined only after extensive deliberation processes, to which this letter has not been subjected.

Please do not hesitate to contact us if you have any inquiries regarding our comments. You may forward your inquiries either to Mr. Jae-ho Kim (jhkim@kasb.or.kr) or Mr. Kyoung-chun Yu (yukc@kasb.or.kr), both of whom are full-time staff members of the KASB.

Best regards,

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Dr. Suk Sig Lim
Chairman, International Accounting Standards Review Committee
Vice-Chairman, Korea Accounting Standards Board

Encl: IASRC comments on the consultation paper, *Strengthening the IASB's deliberative processes*

IASRC Comments on the Consultation Paper “Strengthening the IASB’s deliberative processes”

1. In general, the IASRC of the KASB agrees with the proposed measures for enhancing the IASB’s deliberative process. However, the IASRC is concerned that some steps are overlooked or neglected. It seems that the consultation paper mainly focuses on the process after an agenda has already been set and until final standards are published. The IASRC assigns an equivalent value to the steps of “Agenda Determination” and “Subsequent Review”. The IASRC’s consideration about the steps are as follows:

(1) Agenda Determination

When the IASB makes a decision to add a topic to its agenda, it should determine whether the topic is sufficiently significant in terms of its effect on the financial statements and its pervasiveness throughout the economy, whether the topic is disputable, and whether the IASB can provide solutions to the conflicting issues of the topic. Therefore, paragraph 32(d)(iii) of the IASC Foundation Constitution requires the IASB to consult the Standards Advisory Council on agenda determinations. However, the IASRC of the KASB does not believe that a mere consultation with the SAC is enough to ensure the accessibility and transparency of the IASB’s due process. The IASRC believes that it is necessary to solicit responses from the public before the IASB formally decides to add a topic to its agenda.

(2) Subsequent Review

Occasionally, the IASB’s due process might not be *completely* finished even though a final standard had been published, particularly so if the topic is unduly controversial. In such a case, the IASB should perform a subsequent review on the practical acceptability of the published standard by communicating with its constituents. Furthermore it might be necessary to formally solicit the constituents for comments. Through the subsequent review, the IASB (or IFRIC) could identify problems that had not been addressed to in the initial standards and provide solutions to them in the form of an “Interpretation”.

It seems that paragraphs 34-37 (IFRIC) of the IASC Foundation Constitution implicitly impose the duty of such a subsequent review to the IFRIC (or IASB). However, in the “Preface to International Financial Reporting Standards”, the due

process does not include such a subsequent review. The IASRC of the KASB believes that the inclusion of the subsequent review will make the due process genuinely finalized, both in form and substance, and logically complete. Thus, it is necessary to add the subsequent review to the due process specified in the “Preface to International Financial Reporting Standards”.

2. According to the consultation paper, the IASB is expected to make greater use of public hearings and discussion papers. However, the use of such means is not compulsory. Even though the measures proposed by the consultation paper for accessibility and transparency of the IASB’s deliberative process are advisable, they are not sufficient to ensure an efficient and effective participation of the public. Rather, public hearings may enable the general public, including constituents, to participate in the IASB’s due process effectively. That is to say, the public may have influence on the conclusion of the IASB effectively through public hearings. In addition, discussion papers provide rich and detailed information about an agenda to which each constituent may develop its own rationale on an issue that is most related to its operations. In essence, the IASRC of the KASB believes that the use of public hearings and discussion papers should be made mandatory in all projects.
3. The IASRC of the KASB welcomes the IASB’s move to broadcast its meetings over the Internet. As it has recognized, such a move will undoubtedly “improve access to its meetings that are both cost-effective and technologically feasible”. Unfortunately, however, the IASB’s decision suggests that it will be broadcasting its own meetings *only*. Although we welcome the decision, we believe that it is not sufficient to achieve the grand goal of enhancing the accessibility and transparency of the IASB’s deliberative process. To do so, we believe that the web broadcast should include not only the IASB’s formal meetings but also all public hearings and meetings of steering committees / working parties / advisory groups.
4. Paragraph (b) of the IASB due process includes “an exchange of views about the issues with national standard setters”. Just as the IASB has decided to “make comment letters freely available on its website” so as to enhance the transparency of the IASB’s due process, the IASRC believes that it is also necessary and relevant for the IASB to publish (or publicly expose) the contents of views exchanged with national standard setters over the Internet.

5. The IASRC of the KASB believes that there also are rooms for improvement concerning the IASB's "Coordination with national due process". Among those, we would like to suggest that both the number of partner national standard setters and that of IASB members having liaison responsibilities with national standard setters should be increased so as to better reflect the various views of regional standard setters and to enhance their indirect participation in the IASB's due process. To achieve such a goal, specific written provisions need also be made on the nomination and selection procedures of the partner national standard setters.