

2 November 2005

Sir David Tweedie  
Chairman, International Accounting Standards Board  
30 Cannon Street  
London EC4M 6XH  
United Kingdom

Dear David

**Re: Technical corrections policy and first exposure draft**

The National Institute of Accountants (NIA) is concerned at the move made by the International Accounting Standards Board (IASB) to issue a draft technical correction on the day of the deadline for the comments related to the policy of issuing the technical corrections.

While we generally support the need for a policy of technical corrections it appears opportunistic to us for the IASB to be rushing to deal with an issue related to foreign currency translation before the comment date on the Invitation to Comment had formally closed. It is our understanding that the due process involves the IASB members discussing the responses and further deliberating on the procedure before it becomes a formal part of the standard setting process.

We appreciate the IASB's wish to clarify standards and provide additional guidance where appropriate but we do expect that the IASB would do so only after the comment date associated with the technical corrections policy invitation to comment has closed and the IASB has had an opportunity to consider the remarks made by various parties on the proposed method for approving technical corrections.

**Content of the draft technical correction**

The insertion of the two paragraphs of guidance, namely paragraphs 15A and 15B, are useful and would provide an aid to interpreting the standard. We do not contest the point that guidance clarifying the original standard can assist practitioners in accounting firms, companies and other entities using the standards to apply them. The guidance, however, appears to constitute more than a mere technical amendment for the purposes clarity. It is in substance a change to the accounting standard or a provision of an authoritative IASB staff interpretation on how the accounting standard should be read.

We understood the concept of technical corrections to be one where the IASB technical staff would take primary carriage of making editorial amendments rather than introduce too much new material in the relevant sections of the standard. Caution needs to be applied in this situation so

that the preparers and practitioners are not confused about the nature of these technical corrections.

The removal of guidance stating that the balance of the exchange differences be accounted for in the equity portion of the balance sheet and not the income statement also appears to be more than a technical amendment.

### **Australian legislative requirements**

We would also like to note that Australia is amongst several jurisdictions that enshrines standards issued by the IASB as a part of legislation. We would like to bring to your attention the fact that any changes made to standards internationally need to be tabled in parliament before they formally become law. The NIA will be lodging a submission with the Federal Government in order to see whether there can be a review done of the way in which we legislate the standards. Until such a review takes place our standard setter is forced to table all of the standards on the parliamentary table for debate. It will delay the effective date of the amendments, which the IASB asserts in its technical correction exposure draft take immediate effect.

Feel free to contact me should you wish to discuss our submission further. My best telephone contact number is 61 407 408 000 or my e-mail address is [tom.ravlic@nia.org.au](mailto:tom.ravlic@nia.org.au) .

Kindest regards

Tom Ravlic PNA  
Policy adviser – financial reporting and governance  
National Institute of Accountants