

International Accounting Standards Committee Foundation
30 Cannon Street
London
EC4M 6XH

27 September 2006

Direct Line: 020 7980 0106
e-mail: dlindsell@uk.ey.com

Dear Sir

Draft Handbook 'Due Process of the International Financial Reporting Interpretations Committee'

The global organisation of Ernst & Young is pleased to provide its comments on the above draft Handbook. Our overall views on the draft are described below. In the appendix to this letter we respond to the detailed questions asked.

We welcome the issuance of a Due Process Handbook for IFRIC. It will help to clarify the remit of IFRIC and the manner in which it discharges its responsibilities and also its relationship with other bodies.

IFRIC has improved its process over the last 12 to 18 months. Nevertheless, there continues to be concern amongst constituents about the time taken to provide guidance and in particular about the number of issues on which the IFRIC is unable to provide guidance. Failure to meet these expectations jeopardises the implied goal in the draft IFRIC Handbook of avoiding the issuance by national standard setters (NSSs) and national interpretative groups (NIGs) of IFRS interpretations, thereby increasing the likelihood of divergent interpretation of IFRSs. Success in this area requires the cooperation of all involved. For example, it requires the Board to respond in a timely manner to requests by IFRIC to address an issue that can better be resolved by amending a standard. It also requires the Trustees to liaise with NSSs, NIGs and regulators to encourage them to support the IFRIC and refer issues to it rather than issue guidance on their own. This overall objective and the responsibilities of other bodies within the IASCF to achieve it should be clearly expressed in the IFRIC Handbook.

The IFRIC has recently used its decisions not to take items on to its agenda as a vehicle for providing guidance on the application of IFRSs, to a greater extent than in the past. Although we welcome this development, as it increases the speed at which guidance is provided, we are concerned about the lack of due process relating to these agenda decisions. In particular, when the reasoning behind the decision not to take an issue on to the IFRIC agenda is to be published, thereby effectively providing guidance on the relevant accounting

treatment, IFRIC's voting procedures should in our view be the same as those for issuing an interpretation. We recommend that in such cases the period for commenting on agenda decisions should be extended.

Finally, we believe it would be preferable for IFRIC Agenda Committee meetings to be open to the public. This would enhance the transparency of the process.

Should you wish to discuss the contents of this letter with us, please contact David Lindsell at 020 7980 0106.

Yours faithfully,

