

Dutch Accounting Standards Board (DASB)

Patricia Buchanan, Project Manager
International Accounting Standards Board
30 Cannon Street
London EC4M 6XH
United Kingdom

Our ref : DvO
Date : Amsterdam, 27 October 2005
Re : IASB Draft Technical Correction 1 "DTC 1 Proposed Amendments to IAS 21
The Effects of Changes in Foreign Exchange Rates Net Investments in a Foreign Operation"

Dear Patricia Buchanan,

The Dutch Accounting Standards Board (DASB) appreciates the opportunity to respond to the IASB Draft Technical Correction 1 DTC 1 Proposed Amendments to IAS 21 *The Effects of Changes in Foreign Exchange Rates Net Investments in a Foreign Operation*.

We were, however, very much surprised that the IASB issued a Draft Technical Correction, while there is still debate whether issuing Technical Corrections, with a limited due process, would be acceptable. In the letter of 28 September 2005 re. IASB proposed policy for technical corrections we wrote: "We have difficulties with your proposed policy for technical corrections. We believe that it is too difficult to exactly distinguish a *technical* correction from a change in (the application of) an accounting standard. Of course, the processes within the IASB should be of such high quality that there would seldom be the necessity of having to make a technical correction, but, in the rare circumstances that such a correction needs to be made, we believe the IASB should deal with those changes in a normal due process."

We do not believe that it adds to the credibility of the IASB as a professional standard setter to anticipate the outcome of a discussion with its participants. It at least gives the impression that the IASB is biased towards a certain outcome and will not take a balanced decision on the basis of the comments received. Therefore the DASB concludes that the normal due process should have been followed in this case.

Regarding the content, we do fully agree with the proposals in this Draft Technical Correction.

Please feel free to contact me, should you require further clarification or wish to discuss the point raised in this letter.

Yours sincerely,

Prof. dr. Martin Hoogendoorn RA
(Chairman DASB)