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Warren McGregor
International Accounting Standards Board
30 Cannon Street
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commentletters@iasb.org

Dear Sir

Deloitte Touche Tohmatsu is pleased to comment on the *Draft Memorandum of Understanding on the role of Accounting Standard-Setters and their Relationship with the IASB* (the Draft Memorandum).

We are generally supportive of the Draft Memorandum and commend the International Accounting Standards Board (IASB) for taking the initiative to forge closer links with various accounting standard-setters around the world, documenting that process and placing it on the public record.

One of the keys to achieving success in this area will be the attitude of the IASB, real or perceived. We are aware that some commentators have suggested that the IASB is selective about those with whom it engages. It would be helpful for the IASB to indicate more clearly what it believes would be categorised as an "accounting standard-setter" in the context of International Financial Reporting Standards as a global set of accounting standards and to engage with such standard-setters as appropriate. We believe that preparers and professional bodies should be represented on such bodies and are aware that they are in fact represented on many bodies that are generally viewed as "accounting standard-setters." Given its role in standard-setting within the European Union, we would support the recognition of the European Financial Reporting Advisory Group as a body with which it is important to liaise on a proactive basis. In addition, we believe that the IASB should formally acknowledge the role of preparers and various professional bodies in this Memorandum of Understanding.

We have observed that the IASB has been criticised for “not listening” to constituents and would hope that documenting your basic relationship with such bodies and subsequent working relationships with them will demonstrate to observers and interested parties that the IASB is facilitating enhanced communication with them.

Communication

The database of issues proposed in paragraph 3.7, 3.16 and 7.2 would be particularly useful if it included information indicating the status of the issue subsequent to the reporting of the issue by accounting standard-setters as well as the view of the accounting standard-setter submitting the issue. This would include noting whether the issue has been considered by the IASB and whether it has been taken onto its agenda or whether it has been submitted to the International Financial Reporting Interpretations Committee (IFRIC) including the decision of the IFRIC Agenda Committee. Where an issue reported by an accounting standard-setter is not taken-on by either the IFRIC or IASB, the reasons for this would be useful for constituents (for example, the issue may not be widespread, or the IASB may have intentions to deal with the issue when agenda time becomes available). We would warn that such a database, although likely to be very useful to constituents, will call on the IASB’s staff resources.

It is unclear whether it is the IASB’s intention to limit access to such a database to accounting standard-setters only, or whether it could be best utilised to the benefit of more interested parties by making it available to all constituents including preparers and other professional bodies even though they may not be able to report issues with a view to incorporating them into the database.

We are concerned by paragraph 3.20 which suggests that those who are engaged in **non-technical** debate would have a channel through which they could raise non-technical issues with the IASB. The intentions of paragraph 3.20 appears to have been to allow the filtering of information to the IASB that is useful in its role as a standard-setter but we believe this is likely to be misconstrued. As the IASB is primarily responsible for technical issues, such parties should present their views to the Trustees of the International Accounting Standards Committee Foundation (IASCF) or to members of the Standards Advisory Council (SAC) in accordance with the IASCF Constitution, leaving the IASB to develop high quality, global accounting standards.

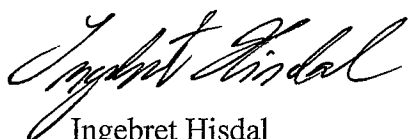
Interpretation

We support a structure in which the IFRIC remains the only body with the authority to issue Interpretations of IFRS. Paragraph 7.7 (and 7.4) may lead to different bodies issuing ‘interpretations’ of IFRS in their jurisdictions. We suggest these paragraphs be amended to clarify that when either the IASB or IFRIC decide not to deal with a particular issue, an accounting standard-setter might issue ‘implementation guidance,’ not Interpretations. We concur that such implementation guidance must be compatible with IFRS, including the IASB *Framework*, and would suggest clarifying where, in the Board’s opinion, it would rank within the sources listed in the IAS 8 – *Accounting Policies, Changes in Accounting Estimates and Errors* hierarchy (paragraphs 11 and 12).

We note that it is the intention of the IFRIC (as described in the *IFRIC – Review of Operations Consultative Document*), to take advantage of the work of accounting standard-setters. It may be appropriate for this to be formalised within section 4 of the Draft Memorandum.

If you have any questions concerning our comments, please contact the under-signed in Oslo at +47 23 279 253.

Sincerely,

A handwritten signature in black ink, appearing to read 'Ingebret Hisdal', written in a cursive style.

Ingebret Hisdal
Chairman, IFRS Strategy Board