

**CONCEPT**

Dutch Accounting Standards Board (DASB)

Mr. McGregor  
International Accounting  
Standards Board  
30 Cannon Street  
London EC4M 6XH  
United Kingdom

Our ref : EvS  
Date : ... July 2005  
Re : **Draft Memorandum of Understanding on the role of Accounting  
Standard-Setters and their relationships with the IASB**

Dear Mr McGregor,

The Dutch Accounting Standards Board (DASB)<sup>1</sup> is pleased to respond to your request for comments on the IASB draft 'Memorandum of Understanding on the role of Accounting Standard-Setters and their relationships with the IASB'.

1. We believe the (draft) Memorandum of Understanding (MoU) is a good way to set out in writing one's understanding of the relationships. Yet we do not see this MoU as a binding contract between the IASB and the National Standard Setters (NSS). We would like to show a positive and helpful attitude regarding our relationships with the IASB, without being able to guarantee that we can fulfill all the obligations mentioned in the MoU.
2. In the MoU the IASB expects the NSS to adopt or converge to IFRS in their national standards. The IASB does not explicitly recognize the fact that the NSS could have chosen not to converge the standards for entities that are not listed, although this may be out of scope. In this respect the IASB refers in paragraph 6.7 that NSS should avoid amending the IFRSs in a manner that creates a non-compliance with the IFRSs. For local standards (Dutch GAAP) the DASB can not meet this requirement, because we added some additional options for recognition and measurement and removed or added some additional (domestic) disclosure requirements.
3. The IASB encourages in paragraph 3.17 to 3.21 the NSS to actively approach constituents and use relevant forums as round-tables on specific issues as a mechanism for encouraging their constituents to participate in the IASB's standard setting process. We do understand this encouragement but this is (almost) impracticable for a small-staffed standard setter like the DASB on a regular basis.

---

<sup>1</sup> The Dutch Accounting Standard Board (DASB) is the new international name for the Council for Annual Reporting (CAR) of the Netherlands.

4. Paragraph 3.20 states that “accounting standard-setters should be a key channel for information flowing to the IASB from government agencies, politicians and others who are engaged in non-technical debate.” However, it is not within the power of the NSS or the IASB to determine how and to who government agencies, politicians and others should communicate. Furthermore, paragraphs 3.19 and 3.20 together seem to imply that, whilst the IASB should be directly involved in the technical debate, it should be ‘protected’ somewhat from the non-technical debate. We do not think it is appropriate to distinguish between the technical and non-technical debate in this way; they are both debates that affect global standards, so the IASB should be involved in both.
5. In places the draft MoU seems a bit one-sided in ‘favour’ of the IASB. Section 3, for example, explains at some length the communication ‘obligations’ of the NSS, but says very little about the IASB’s communications obligations. Similarly, the first sentence of paragraph 4.1 makes it clear that, in a joint project, it is important that the IASB does not lose its independence, but omits to mention that it is just as important in such circumstances that the NSS also does not lose its independence.
6. Section 7 discusses the role of the NSS in the interpretations process. In particular, it suggests that individual NSS or groupings of NSS could develop interpretations of IFRS. We can see that there is merit in allowing NSS (or the relevant national interpretations body) to publish interpretations on issues that arise only in their jurisdiction. However, in our view if the issue arises in more than one jurisdiction, the only body that should publish an interpretation on the issue is IFRIC—otherwise there is a risk that there will be many sources of interpretations, with all the complexities and problems that creates. We do believe that the number of local issues is very small.
7. Paragraph 7.6 states that NSS should monitor the implementation of IFRSs in their jurisdictions and identify issues that might require interpretation. The DASB has not the resources to actively monitor the implementation of IFRSs or identify issues. The monitoring role will be fulfilled by the securities regulator AFM (Autoriteit Financiële Markten, a member of CESR) Of course, when issues are brought to our attention from companies and auditors, we are willing to play a role in addressing these issues to the IFRIC or IASB.
8. Section 8 of the draft MoU discusses the educational activities of the IASCF. In our view, neither the IASB nor the IASCF should carry out any educational activities. Educational activities should not be a main objective of the IASB and should be left over to educational organizations. We believe that educational activities may have a danger of giving interpretations of standards which could lead to a grey circuit of standard setting.

If you have any questions in relation to this letter, please do not hesitate to contact us.

With kind regards,

Prof.dr. Martin Hoogendoorn RA  
Chairman DASB