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Warren McGregor  
International Accounting Standards Board  
30 Cannon Street  
London EC4M 6XH  
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27<sup>th</sup> July 2005

Dear Sirs,

**Re Draft memorandum of understanding of the role of world accounting standard setters**

The Accounting Committee of the Institute of Chartered Accountants in Ireland (AC) has considered, at its meeting on 23<sup>rd</sup> June 2005, the above draft Memorandum.

AC welcomes this initiative from the IASB to clarify how IASB and national standard setters should interact and broadly agrees with the list of proposed responsibilities attached in the Appendix to the document. The following are AC's specific comments on the key areas identified for consideration in the draft Memorandum.

**Working with regulators**

AC agrees with the proposal that it is the role of national standard setters to take prime responsibility for dealing with domestic regulators including addressing any local barriers to adopting IFRSs. AC agrees that the local standard setters are more likely to be able to influence domestic regulators and that the IASB cannot be expected to have the expertise and resources to deal with various domestic regulators.

**Communication**

AC agrees that sufficient time must be made available for national standard setters to contact their constituents before communicating their views to IASB. As a general principle, AC considers that a minimum of four months should be allowed for comments to be received by IASB on its proposals.

In addition, AC considers that a mechanism is needed to ensure that each jurisdiction and standard setter is in a position to identify particular concerns on accounting topics under discussion by IASB as early as possible, and to communicate these concerns to IASB before the project reaches an advanced stage of progress, in order to allow IASB the opportunity to consider those particular concerns. For example, AC would welcome the establishment by

IASB of an appropriately formatted database of technical issues being considered to facilitate such identification. AC is also very supportive of national standard setters consulting one another where there are matters of common interest.

AC considers it appropriate that respondents in each jurisdiction should send their comments to the national standard setter as well as to IASB. This will enable the national standard setter to consider those responses in developing its response to IASB. AC considers that it would be appropriate for IASB to give considerable weight to the views of national standard setters who have had the opportunity to consider a wide range of local constituents in developing their response.

AC agrees that the national standard setters are the obvious communications link between IASB and government and supports round table discussions and forums. AC also agrees that major differences of opinion should be communicated as early as possible to IASB.

AC acknowledges that the draft Memorandum addresses the role of national standard setters and their relationship with IASB but considers that the existence of this Memorandum should not result in a downgrading or disenfranchising of those jurisdictions that use IFRS but do not have a national standard setter.

### **Project role**

AC agrees with extensive contact between the IASB and the national standard setters. It facilitates a sharing of ideas and staff on both research projects and in project teams. The more interaction the less likely that there will be very divergent views and the more likely that consensus will be reached on thorny issues. AC considers that where a standard setter gets involved in a project it should endeavour to remain committed to the conclusion of the project in order to maximise the effectiveness of its contribution.

### **Comment role on IASB consultative documents**

AC agrees that national standard setters should provide timely comments to the IASB on all consultative documents within the constraints of the resources available and the time allowed by IASB to consider those documents carefully.

### **Application of Standards**

AC recognises that regulatory environments differ and thus it may take some time before IFRSs and SICs can be applied in certain jurisdictions. AC considers that IASB should be cognisant of this issue and should seek to provide adequate time for those national standard setters to process the IFRS through their regulatory systems in such a way that it becomes acceptable in their jurisdictions. AC also considers that where amendments are made to the IFRSs by local standard setters they should avoid amending the IFRSs in a manner that would cause non compliance with those IFRSs.

### **Interpretation**

AC believes that facilitating global consistency of interpretation of IFRS should be a key priority for IASB. AC believes this should engage a considerable amount of IASB resources, to avoid the potential spectre of inconsistent interpretation of IFRS due to lack of clarity, responsiveness or pro-activity on the part of IASB.

AC agrees that where a matter is referred to IFRIC or the IASB, and neither party considers it necessary or appropriate to address the issue at that time, then the matter should be regarded as resolved, but only provided IASB/IFRIC explains positively why it considers the matter need

not be addressed at that time, including stating its view on the clarity of the existing IFRS when that is the basis.

### **Education**

AC considers that standard setting and education are separate functions. However, AC considers that it is up to the relevant bodies and regulators in each jurisdiction to decide on the extent to which education should be carried out by the local standard setter.

Please do not hesitate to contact me if you have any queries regarding the above comments.

Yours sincerely,

Karen Flannery  
Secretary  
Accounting Committee  
Institute of Chartered Accountants in Ireland