

25 June 2004

Ms Andrea Pryde
International Accounting Standards Board
30 Cannon Street
London
EC4M 6XH

Dear Ms Pryde

IASB Due Process

The IASB paper '*Strengthening the IASB's deliberative processes*' has been discussed by the Institute of Chartered Accountants in England & Wales, and I have set out below a summary of our conclusions. The Institute is the largest accountancy body in Europe, with more than 126,000 members operating in business, public practice and within the investor community. The Institute operates under a Royal Charter, working in the public interest.

We welcome the recent and planned improvements to IASB due process, and support an ongoing process of review and improvement designed to ensure that IASB due process is seen as a benchmark for best practice in global standard setting.

We support the Board's decisions to include the broadcasting of its meetings over the Internet; to post extended observer notes on the IASB website before meetings; and to make available near-final drafts of forthcoming exposure drafts and standards before they are approved for publication. We have doubts regarding the decision to post comment letters on the IASB website as they are received; this may unduly influence those still considering their responses to the Board's proposals.

We commend the Board's commitment to consult intensively on its future projects, including the use of expert advisory groups, discussion papers, and field-testing of proposals. We agree that use of these elements of due process should be at the Board's discretion, although we would emphasise that appropriate field-testing can contribute significantly to the credibility and quality of new and revised standards and should be undertaken by the Board on a more regular and comprehensive basis. We also suggest that the rationale for the type and extent of due process undertaken should be explained in each case.

In our comments on the IASCF Constitution Review, submitted on 11 February 2004, we emphasised that greater attention and respect should be paid to the *perceptions* of constituents of the quality of the Board's due process. We note that the current paper does not address this issue and would urge the Board to address the points set out in our letter (a copy is attached for reference). One key point in our letter was the need for Board deliberations to clearly counter any impression that US GAAP is regarded as the natural source of international accounting solutions. Convergence should lead only to high quality accounting solutions, drawing on the best elements of IFRS, US and other national GAAP.

Finally, we would again suggest that the Board consider a modest extension to the current ninety-day comment period to allow sufficient time for translation and for the co-ordination of views within and across national jurisdictions.

We would be pleased to further discuss any points with you.

Yours sincerely

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