

23 June 2004

Sir David Tweedie
Chairman
International Accounting Standards Board
30 Cannon Street
London EC4M 6XH

Dear Sir David

Strengthening the IASB's deliberative process

I am pleased to submit the response of the Technical Committee of the 100 Group of Finance Directors in the UK to the IASB's paper *Strengthening the IASB's Deliberative Processes* dated 24 March 2004.

Our responses to the specific deliberative process activities mentioned in the paper are set out in the attachment to this letter. Our principal comments are as follows.

1. We encourage the use and enhancement of the deliberative process activities suggested in the paper. We believe that many of the deliberative process activities mentioned in the paper are inherent in the activities of the Board, and the other activities suggested would add value to the Board's deliberations. Such activities are invaluable in enabling the IASB to take advantage of the knowledge and experience of its constituents.
2. We believe that the Board's deliberative process would be improved by extending comment periods on proposals to allow greater time for consideration. We believe an extension of exposure time would allow constituents to provide more meaningful input into the impact of the proposals in practice. In addition, we believe that finalised standards ought to have a lead time of at least twelve months before the beginning of the period in which they are to first apply to enable constituents to understand fully and prepare to implement the requirements.
3. We urge the IASB to use steering committees more effectively and in a wider variety of projects. We believe the use of steering committees enables the Board to deal with a wider range of issues in a more effective manner. We believe that involvement in steering committees encourages Board members to take account of specialist interests in addition to generic interests in the work of the IASB as a whole. This is particularly valuable in enabling certain Board members to form relationships that will lead to a better understanding of industry practices. We believe this is beneficial to the eventual Board deliberations of steering committee output.

4. We encourage the Board to consult more extensively with the SAC. We note that the members of the SAC have valuable and comprehensive experience of accounting in many industries and for a variety of transactions, and we believe that the IASB does not currently gain the best possible advantage from SAC members.
5. We urge the IASB to consider activities that it can undertake to demonstrate that they are cognizant of practical application issues. In many cases implementation of IASB standards has resulted in practical issues that do not appear to have been seriously contemplated by the Board. We believe that the IASB must be seen to be having regard to issues of practical implication as well those of conceptual merit.

We support the IASB in improving its deliberative processes, and would encourage the IASB to continue these improvements by actively seeking feedback on a regular basis.

Yours sincerely

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Enc

cc: Ms Mary Keegan, Chairman, Accounting Standards Board

Attachment

Access to IASB Discussions

We congratulate the IASB on the improvements in accessibility of IASB discussions that have taken place in recent times. We believe the broadcasting of the meetings on the internet, and the archiving of these broadcasts on the IASB's website is a positive step forward.

Availability of IASB documents

We note that the observer notes are comprehensive, and provide a useful guide as to the direction of discussions. We believe that Board papers should be made available to the public. We believe this would improve the understanding of the Board's deliberations and enhance constituent awareness of the Board's intentions.

Publication of comment letters

We support the weekly release of comment letters received to date onto the IASB's website, as it enables more timely information as to the views of other constituents to be obtained.

Response to comment letters

We believe the publication of the IASB's responses to constituent concerns on the IASB website will enable constituents to understand better the consideration the Board has given to their concerns and the logic behind the eventual outcomes. The current model of including such information in the basis for conclusions does not provide sufficiently timely and detailed information.

Publication on the IASB's Website of latest proposals for new standards

We believe that the proposal to publish on the IASB's website the main impacts of subsequent Board discussions on the published proposals is an excellent initiative and will enable constituents to follow better the direction and impact of Board discussions. We encourage the IASB to request constituent feedback on the success of this activity following the experimental phase.

Use of steering committees/working parties/advisory groups

We strongly support the extensive use of steering committees, working parties and advisory groups. We believe the use of these groups enables the IASB to gain the benefit of a wider variety of industry experience in conducting their deliberations.

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Public hearings and field testing

We believe that public hearings would form an important part of the deliberative process in developing new accounting paradigms. We think public hearings would be particularly important in areas of accounting where practice has been vastly divergent in differing jurisdictions – for example the comprehensive project on accounting issues in relation to insurance. We believe public hearings would provide an appropriate forum for the IASB members to gain the benefit of understanding the experiences of those who have applied various models of accounting around the world.

We believe that field testing is particularly important as it enables IASB members and staff to identify better and understand the practical and economic consequences of their proposals.

Discussion papers

We believe that discussion papers form an important part of deliberative process and enable constituents to comment around a broader frame of reference than exposure drafts, which by their nature, call for comment on the appropriateness of particular proposals, rather than feedback on a range of concepts. We believe that the development of discussion papers that give consideration to an appropriately wide range of concepts and ideas is a time consuming process, and urge the IASB to dedicate sufficient resources to the development of such papers to ensure they cover a sufficient breadth and depth of information to add value to the deliberative processes.

Re-exposure of proposals

We agree that the Board should consider the need for re-exposure where substantial changes have been made since the exposure draft. We believe that the items to be considered as cited in paragraph 31 of the paper are appropriate. We believe it very important that the IASB does not use methodologies that were not exposed, irrespective of whether some constituents may have chosen to comment on the (unexposed) alternative methodologies. We believe it would be appropriate, where debate is occurring about the appropriateness of re-exposure, to contact some or all of the original respondents to gauge their responses as to whether the changes in question merit re-exposure.