

5 February 2002

IASC Foundation Trustees  
30 Cannon Street  
London EC4M 6XH  
UNITED KINGDOM

To the Trustees:

**Proposed Changes to IASC Constitution (May 2000) Related to the SIC**

Deloitte Touche Tohmatsu and its Member Firms are pleased to comment on the above Proposed Changes issued by the IASC Foundation Trustees.

We support the proposed expansion of the committee's mandate, and we support establishment of the position of non-voting chair.

We do not agree that International Financial Reporting Interpretations Committee (IFRIC) is the most appropriate name for the committee. We would support either retaining Standing Interpretations Committee or changing to International Accounting Interpretations Committee, which would more closely conform to IASB's own name. If International Accounting Interpretations Committee is adopted, the formal name for its pronouncements could be International Accounting Interpretations.

We recognise that use of IFRIC is consistent with changing the name of IASB's pronouncements from International Accounting Standards to International Financial Reporting Standards. However, we disagree with changing the name of the pronouncements. Yes, we can see some "fresh start" benefits of a new name and new numbering sequence for IASB pronouncements. But we think these are simply matters of perception, not substance, since IAS and IFRS would have identical authority.

We see a big downside to dropping IAS in favour of IFRS. Firstly and most importantly, the global recognition of "International Accounting Standards" and "IAS" is an immensely valuable IASB asset. Why cast that asset aside? The world thinks in terms of accounting and accountants, not financial reporting and financial reporters. Moreover, thousands of IAS references in national GAAP, national accounting legislation, and national listing requirements will have to be changed if the name change goes into effect. Legislative changes always come at a cost – including the occasional unexpected and undesirable political outcome. In those countries where IAS are adopted by law, getting the laws changed to say IFRS can invite trouble. It is not unreasonable to anticipate that IASB will have to spend considerable "legislative capital" over the next few years trying to convince sceptical politicians of some of its likely controversial decisions (ban poolings, accrue stock option cost, measure a company's own debt at fair value, and such). Why spend it getting legislation that now refers to IAS changed so it will refer to IFRS?

References in standards on auditing and in auditors' reports will have to change. IASB's own name (just recently adopted, we might add) uses IAS, not IFRS. Will the world associate IFRS with IASB? In the United States, after nearly 30 years of FASB existence, FASB's own standards are variously (and confusingly) referred to as FASB xx, FAS xx, SFAS xx, and Statement xx – not to mention the alphabet-soup of pronouncements of FASB's predecessors. We would keep International Accounting Standards. It's simple and straightforward and clearly associable with IASB. That's what IASB's new Constitution says, as well – it refers to pronouncements known as “International Accounting Standards” eleven times.

At a minimum, in our judgement, the change of name from IAS to IFRS is a significant enough matter to warrant a specific request for comments by IASB. To simply begin using that name in a draft Preface denies due process on this key matter.

Similarly, the name Standing Interpretations Committee and the name of its pronouncements, Interpretations, have become widely known and accepted and, in some cases, written into legislation, regulations, and listing requirements. For reasons similar to those set out above with regard to the name change to IFRS, would favour retaining Standing Interpretations Committee and Interpretations.

If you have any questions concerning our comments, please contact Mr. Stig Enevoldsen, chairman of our Firm's IAS Policy Committee, at +45 33 76 36 91.

Yours faithfully  
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Stig Enevoldsen  
Partner

Enclosure