

29 September 2005

Sir David Tweedie
Technical Corrections Comments
International Accounting Standards Board
30 Cannon Street
London EC4M 6XH

Dear Sir David

Proposed policy on technical corrections

Deloitte Touche Tohmatsu is pleased to comment on the International Accounting Standards Board's (the Board's or IASB's) proposed policy on technical corrections.

In general, we are in favour of having a 'fast-track' process to deal with issues whereby the words in a standard do not properly convey the Board's intentions. We agree that such issues should not include editorial corrections, consequential amendments from other standards or issues that IFRIC can resolve by interpreting existing standards.

Under the proposals, a technical correction may also address an unexpected consequence of a standard that the Board would have corrected, had it been aware of it. This could be interpreted broadly, and so may include technical corrections of issues that require considerable time and thought. We would recommend that more guidance is given around which issues are intended to be dealt with this way.

Regarding the process, we are concerned about the time taken to complete any necessary technical corrections. We believe that six months is an unnecessary time lag between the identification of an issue and its resolution. Accordingly, we request the Board gives consideration to completing certain aspects of the process that would not hinder due process 'out of session'. For example, as the IFRIC agenda committee meets in private, and meets only bi-monthly, it would seem appropriate to us that this part of the mechanism be completed out of session in order to enable more timely resolution of identified issues. We are further concerned that the process may be slowed down for whatever reason and become even longer than the stated time period. We would therefore urge the Board to be disciplined in ensuring this time period is not exceeded.

Additionally, guidance is needed on the transition process. We believe the Board should make it clear that until corrected by the technical corrections process, existing text should be applied, even if it is in conflict with the Board's intended correction. Once a technical correction has been made, guidance should be given on how to implement the change. For example, would it be implemented as a change in accounting policy, as an application of a new standard, as a correction of an error, or in some other manner? We are not convinced that requiring retrospective restatement is appropriate given that this imposes an onerous burden on entities arising solely from errors or omissions made by the IASB themselves.

Finally, the policy states that once an amendment has been agreed by the Board, the Board will publish it on the IASB Website, and in *IASB Update*. We are concerned that this means publication in the two areas should occur concurrently, as this could delay the entire process. For example, at its June meeting the Board agreed on a technical correction to IAS 21 *The Effects of Changes in Foreign Exchange Rates*. However, this was not agreed in time for the July Update. There is no August edition, so the correction now has to wait to be published until September. This seems to be an unnecessary delay.

Instead, it seems appropriate to us that the IASB Update issued immediately after the IASB meeting should detail the discussions held, and highlight that a technical correction will be published on the website in due course. Once the drafting of the proposed amendment has been finalised the amendment should be published on the website immediately and an e-mail alert sent to subscribers advising them of this development. The comment period should start from the day the draft amendment is published on the website.

If you have any questions concerning our comments, please contact the undersigned in London at (020) 7007 0907.

Sincerely,

A handwritten signature in black ink, appearing to read 'Ken Wild', written over a horizontal line.

Ken Wild
Global IFRS Leader