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Mr Philip Laskawy
Chairman
IASC Foundation
30 Cannon Street
London EC4M 6XH

commentletters@iasb.org.uk

Dear Mr Laskawy,

Enlarging the IFRIC

Deloitte Touche Tohmatsu is pleased to comment on the International Accounting Standards Committee Foundation's Invitation to Comment issued in April 2007.

We support the Trustees' proposal to increase the size of the International Financial Reporting Interpretations Committee from 12 to 14 voting members. In doing so, we agree with the Trustees that the IFRIC would benefit from a greater diversity of members with practical experience in the application of International Financial Reporting Standards (IFRSs) and analysis of financial reports using IFRSs.

We are concerned that that enlarging the IFRIC may have some adverse effects on its work. However we are aware that the IFRIC has more staff resources than it had historically and note that the 2008 Preliminary Budget reiterated the Trustees' commitment to ensuring that the IFRIC 'has the capacity to respond to interpretation issues in an efficient manner.' Consequently, we are willing to accept the Trustees' assessment that, within reason, any effect on the IFRIC's efficiency should be outweighed by the benefit of greater participation by preparers and users of IFRS financial reports.

However, the amendments to the IASC Foundation's Constitution and the related consequential amendments to the *Preface to International Financial Reporting Standards* do not, in our view, communicate effectively the stated intention of the Trustees to increase the involvement of users and preparers on the IFRIC. There is no mention of the working background of IFRIC members in the proposed changes to the Constitution or *Preface to IFRSs*. We see parallels between what the Trustees wish to achieve and the existing constitutional requirements for a qualitative balance in the membership of the Trustees

(Constitution, paragraph 6), the International Accounting Standards Board (paragraph 19) and the Standards Advisory Council (paragraph 37).

We recommend that language be incorporated in paragraph 33 of the IASC Foundation Constitution along the lines of “The Trustees shall select members of the IFRIC such that it will comprise a group of people representing a balance of technical expertise [i.e. accountants in public practice]; experience in practical application and preparation of IFRS financial reports [i.e. preparers]; experience in using IFRS financial reports for investment decisions [i.e. users]; and academics together with a reasonably broad geographical representation.” We see this language as preferable to that in paragraph 10 of the IFRIC’s *Due Process Handbook* because it identifies explicitly the constituencies the Trustees wish to attract to the IFRIC. We note that the existing Constitution, paragraph 33 permits the Trustees to appoint regulators to the IFRIC and this capacity should be retained.

We concur with the increases in the quorum for meetings and voting thresholds proposed in the Constitution and the *Preface to IFRSs*.

Although not mentioned in the Invitation to Comment, we recommend that consequential amendments be made to the IFRIC’s *Due Process Handbook* to maintain symmetry between the Constitution, the *Preface to IFRSs* and the IFRIC’s *Due Process Handbook*.

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

Sincerely,

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

Ken Wild
Global IFRS Leader