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Mr P A Volcker, Chairman of the Trustees
International Accounting Standards Committee Foundation
30 Cannon Street
London EC4M 6XH
UNITED KINGDOM

25 February 2003

Dear Mr Volcker,

IASC Foundation Proposal for a Testing and Certification Programme

Deloitte Touche Tohmatsu is pleased to comment on the above Proposal issued by the International Accounting Standards Committee Foundation ('IASCF'). The Proposal outlines a testing and certification programme for International Accounting Standards ('IAS') and International Financial Reporting Standards ('IFRS'). Our comments are set out below.

Comments on the Main Features of the Proposal

Deloitte Touche Tohmatsu supports the IASCF in its efforts to promote consistent, high quality application of IFRS. We do, however, have some concerns about the issues raised in the Proposal.

Our first concern relates to the objectives of the certification. The IASCF is not currently a recognised professional certification body, and in proposing this certification is introducing yet another in an already confusing global array of designations and qualifications. Not only could this certification result in precedents being set for professionals who will report under IFRS but it runs the risk of increasing public confusion regarding their expectations of public accountants. We believe this could have implications for auditors and preparers in both risk management and financial reporting requirements. The impact of such certification on the recognition of licenced practitioners, and whether the IASCF qualification could be seen as mandatory, will need to be assessed.

The Proposal does not address whether the IASCF has consulted with national certification institutes and education authorities to ensure the certification will meet professional standards, for example the IFAC Education Standard on Continuing Professional Development and the European Directorate for Education.

One of the objectives of the Proposal is to prepare users of IFRS for the adoption of IFRS as the reporting framework in Europe and other jurisdictions in the next few years. As these examinations will only initially be available in English, this objective could result in a large proportion of these adopters not being able to complete the certification.

Practical Issues

We believe that in order to assess fully the potential success and implementation of such a Proposal, there are practical issues that would need to be addressed. These include, but are not limited to, the following:

- How does the IASCF propose rolling the certification programme out to a global audience?
- How will the IASCF ensure a consistent standard around the world, especially when the testing is available in different languages?
- How will the IASCF address the cultural impact on testing in various countries? E.g.: different approaches taken to testing scenarios; and ensuring that the test questions are posed in a culturally sensitive way that is also relevant to the candidate's financial and economic experience.
- How will testing be carried out? Will all candidates be required to travel to London, or will test centres be established in each IFRS reporting country? If so, how will quality at these centres be monitored?
- How will quality of material for written answers be monitored by the IASCF?

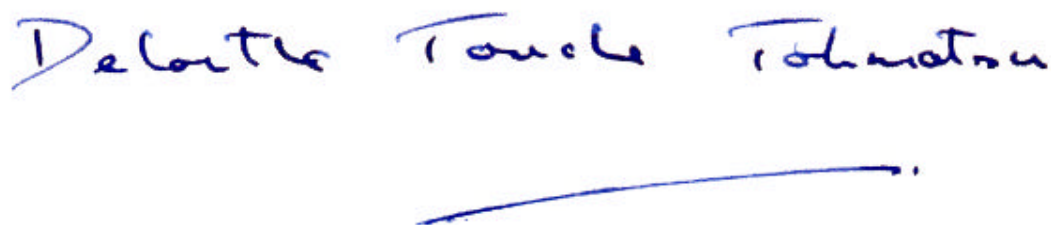
Suggested Short-Medium Term Way Forward

In order to meet the objective of the Proposal in preparing users for IFRS implementation, we suggest that the IASCF seek to encourage the development and access to accredited training materials. We believe that the provision of training materials is a more pressing need than the certification of individuals. IASCF certification is an issue that could be addressed in the future once it is clear what direction the national bodies and education institutes are taking with regards to IFRS education. We would support the certification of training materials by an IASCF accreditation body as a more effective way to enable IFRS users in preparing for first time adoption.

Conclusion

If you have any questions concerning our comments, please contact Mr. Ken Wild in our International Accounting Standards Global Office, London, at +44-20-7438 2511.

Yours sincerely,

A handwritten signature in blue ink that reads "Deloitte Touche Tohmatsu". Below the signature is a long, horizontal blue line.

DELOITTE TOUCHE TOHMATSU