

From: Richard Martin [mailto:Richard.Martin@accaglobal.com]
Sent: 05 September 2014 18:46
To: Ralitza Ilieva
Subject: RE: Enhancement of IASB quality control procedures - ACCA input?

Dear Ralitza Ilieva

Thanks for your note drawing attention to this consultation.

We agree that there have been problems with the implementation and understanding of some of IASB's standards as is pointed out in EFRAG's draft letter. A number of standards have been issued followed fairly quickly by amendments, together with the annual improvements process. All of this is unsatisfactory as it makes the compliance with IFRS more time consuming and costly for the many thousands of companies around the world using the standards as well as for the national endorsement mechanisms. As a consequence IASB needs to be careful to ensure the clarity and practicality of the standards as they are drafted.

The Transition Resource Groups for two recent standards are noted in the draft letter. The other major innovation in due process by the IASB recently has been the post-implementation review. Neither of these are really dealing with the problem identified as they are both after the issuance of the standard.

We are not sure however that requiring the new specific due process step of a final draft review at 'implementation' that EFRAG is proposing is the right answer. It may help in some cases and could be used when there are particular concerns about understandability.

Instead we would suggest that input from preparers, users and others should be focussed on the exposure draft stage. Creating a further standard consultation opportunity risks comments being made only at the eleventh hour and the ED stage being ignored. The problem is not the lack of opportunity for public comment, but a lack of input from constituents.

In addition we consider IASB needs to conduct field tests of proposals in the case of all significant new standards or revisions as a requirement of due process. Asking preparers to implement proposals in practice via field tests should help more directly identify any implementation and understandability issues.

Finally as a lesser point, the draft letter refers to "fatal flaw reviews" and that does not seem a very satisfactory name. As EFRAG notes in the draft "Major flaws would not be expected to be identified in this process". The review intended seems more about the clarity and understandability of the proposals than fatal flaws.

I hope these comments will help

Regards

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