

April 2007

International Accounting Standards Committee Foundation

---

# ENLARGING THE IFRIC

Proposed Amendments to the IASC Foundation Constitution and  
the Preface to International Financial Reporting Standards

---

**Comments to be submitted by 31 July 2007**



**International  
Accounting Standards  
Committee Foundation®**

***Enlarging the IFRIC***

**Proposed Amendments**  
to the  
**IASC Foundation Constitution**  
and  
***Preface to International Financial Reporting  
Standards***

*Comments to be received by 31 July 2007*

These draft amendments to the IASC Foundation Constitution and the *Preface to International Financial Reporting Standards* have been prepared and are published by the International Accounting Standards Committee Foundation for comment only.

Comments should be submitted in writing so as to be received by **31 July 2007**. Respondents are asked to send their comments electronically to the IASC Foundation Website ([www.iasb.org](http://www.iasb.org)), using the 'Open to Comment' page.

All responses will be put on the public record unless the respondent requests confidentiality. However, such requests will not normally be granted unless supported by good reason, such as commercial confidence.

The International Accounting Standards Committee Foundation (IASCF), the authors and the publishers do not accept responsibility for loss caused to any person who acts or refrains from acting in reliance on the material in this publication, whether such loss is caused by negligence or otherwise.

Copyright © 2007 IASCF<sup>®</sup>

All rights reserved. Copies of the draft amendments may be made for the purpose of preparing comments to be submitted to the IASCF, provided such copies are for personal or intra-organisational use only and are not sold or disseminated and provided each copy acknowledges the IASCF's copyright and sets out the IASCF's address in full. Otherwise, no part of this publication may be translated, reprinted or reproduced or utilised in any form either in whole or in part or by any electronic, mechanical or other means, now known or hereafter invented, including photocopying and recording, or in any information storage and retrieval system, without prior permission in writing from the IASCF.



International  
Accounting Standards  
Committee Foundation<sup>®</sup>

The IASB logo/'Hexagon Device', 'IASC Foundation', 'eIFRS', 'IAS', 'IASs', 'IASB', 'IASC', 'IASCF', 'IFRIC', 'IFRS', 'IFRSs', 'International Accounting Standards', 'International Financial Reporting Standards' and 'SIC' are Trade Marks of the IASCF.

Please address publications and copyright matters to:

IASC Foundation Publications Department,  
1st Floor, 30 Cannon Street, London EC4M 6XH, United Kingdom.  
Tel: +44 (0)20 7332 2730 Fax: +44 (0)20 7332 2749  
Email: [publications@iasb.org](mailto:publications@iasb.org) Web: [www.iasb.org](http://www.iasb.org)

## Enlarging the IFRIC

### Introduction and Invitation to Comment

---

The Trustees of the IASC Foundation are proposing to increase the size of the International Financial Reporting Interpretations Committee (IFRIC) from 12 to 14 voting members. From the comments received in the consultations on the IFRIC *Due Process Handbook*, the Trustees concluded 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 statements using IFRSs. This is particularly important in the light of the expanding adoption of IFRSs throughout the world.

The Trustees believe that enlarging the IFRIC is unlikely to have any significant adverse effect on its work, and that any such effect would be outweighed by the benefit of greater participation by preparers and users of IFRS financial reports.

As the size of the IFRIC is prescribed by the IASC Foundation's Constitution, the proposed change must await an amendment to the Constitution. The Trustees therefore invite comments on the proposed amendment set out below and on the consequential amendments to the *Preface to International Financial Reporting Standards*.

The Trustees are not requesting comments on other parts of the Constitution, which is subject to a comprehensive review beginning in July 2008.

Comments should be submitted in writing so as to be received by **31 July 2007**. Respondents are asked to send their comments electronically to the IASC Foundation Website ([www.iasb.org](http://www.iasb.org)), using the 'Open to Comment' page.

All responses will be put on the public record unless the respondent requests confidentiality. However, such requests will not normally be granted unless supported by good reason, such as commercial confidence.

## **Proposed amendment to the Constitution**

---

The Trustees propose that Sections 33–35 of the Constitution should be amended as follows. In those sections new text is underlined and deleted text is struck through.

### **International Financial Reporting Interpretations Committee**

- 33 The International Financial Reporting Interpretations Committee shall comprise ~~twelve~~ fourteen voting members, appointed by the Trustees under Section 15(b) for renewable terms of three years. ...
- 34 The Committee shall meet as and when required and ~~nine~~ ten voting members present in person or by telecommunications shall constitute a quorum: ...
- 35 Each member of the Committee shall have one vote. ... Approval of Draft or final Interpretations shall require that not more than ~~three~~ four voting members vote against the Draft or final Interpretation.

## **Consequential amendments to the *Preface to International Financial Reporting Standards***

---

Paragraphs 2 and 19 of the *Preface* are proposed to be amended as follows. In those paragraphs new text is underlined and deleted text is struck through. For convenience paragraphs 5 and 15 are also reproduced, but are not proposed for amendment.

2 The International Financial Reporting Interpretations Committee (IFRIC) comprises ~~twelve~~ fourteen voting members and a non-voting Chairman, all appointed by the Trustees. The role of the IFRIC is to prepare interpretations of IFRSs for approval by the IASB and, in the context of the *Framework*, to provide timely guidance on financial reporting issues. The IFRIC replaced the former Standing Interpretations Committee (SIC) in 2002.

5 At its meeting on 20 April 2001, the IASB passed the following resolution:

All Standards and Interpretations issued under previous Constitutions continue to be applicable unless and until they are amended or withdrawn. The International Accounting Standards Board may amend or withdraw International Accounting Standards and SIC Interpretations issued under previous Constitutions of IASC as well as issue new Standards and Interpretations.

When the term IFRSs is used in this Preface, it includes standards and Interpretations approved by the IASB, and International Accounting Standards (IASs) and SIC Interpretations issued under previous Constitutions.

15 Interpretations of IFRSs are prepared by the IFRIC to give authoritative guidance on issues that are likely to receive divergent or unacceptable treatment, in the absence of such guidance.

19 Interpretations of IFRSs are developed through an international due process that involves accountants, financial analysts and other users of financial statements, the business community, stock exchanges, regulatory and legal authorities, academics and other interested individuals and organisations from around the world. The IFRIC discusses technical matters in meetings that are open to public

observation. The due process for each project normally, but not necessarily, involves the following steps (the steps that are required under the terms of the IASC Foundation Constitution are indicated by an asterisk\*):

...

- (c) publication of a draft Interpretation for public comment if no more than ~~three~~ four IFRIC members have voted against the proposal,\*

...

- (e) approval by the IFRIC of an Interpretation if no more than ~~three~~ four IFRIC members have voted against the Interpretation after considering public comments on the draft Interpretation,\* and

...