



LONDON INVESTMENT BANKING ASSOCIATION
6 Frederick's Place, London, EC2R 8BT
Tel: 020-7796 3606 Fax: 020-7796 4345
Direct: 020-7367 5507 E-mail: ian.harrison@liba.org.uk

14 February 2002

International Accounting Standards Board
30 Cannon Street
London
EC4M 6XH

By email to: CommentLetters@iasb.org.uk

Ref: [ian/IASBPreface1/acc3/acc20](#)

Dear Sir

**Exposure Draft of a Proposed
Preface to International Financial Reporting Standards**

I am writing on behalf of the London Investment Banking Association (LIBA) to comment on the Exposure Draft of a Proposed Preface to International Financial Reporting Standards (IFRS) which was published towards the end of last year. LIBA is, as you probably know, the principal UK trade association for investment banks and securities houses; a full list of our members is attached.

We believe it is important that the IASB should have a clear statement of the scope and authority of IFRS and Interpretations, and we therefore support the principles behind the Proposed Preface. The draft has in our view been well prepared, and we have only a few comments:

- Paragraph 7 states that the IASB “achieves its objectives primarily by developing and publishing IFRS and promoting the use of those standards in general purpose financial statements and other financial reporting”. Other financial reporting is then defined as “information provided outside financial statements that assists in the interpretation of a complete set of financial statements or improves users’ ability to make efficient economic decisions”. We are unclear whether this means that the IASB will promote the use of figures prepared in accordance with its standards in other sections of an annual report or that the IASB intends to publish IFRS to cover the preparation of, and items to be included in, other sections of the annual report. We believe that this is an important distinction and would support the former but not the latter.

We are aware that securities regulators in many jurisdictions (such as the SEC in the US, and IOSCO at the international level) have issued extensive guidance on information to be included in the annual report which is outside the financial

statements. In our experience, the existence of several sets of rules prepared by different agencies/standard setters is a recipe for confusion and duplication. We believe the Preface is an ideal forum to explain that IFRS do not govern the information to be presented outside the financial statements but that figures produced in accordance with IFRS may be included in other financial reporting outside the financial statements.

- Paragraph 20 sets out the procedures under which the International Financial Reporting Interpretations Committee (IFRIC) will issue Interpretations. We hope that IFRIC will not revive the previous IASC/SIC practice of publishing extensive Q & A which, while nominally advisory, in practice become prescriptive.
- The statement in Paragraph 22 that the IASB “has no general policy of exempting transactions occurring before a specific date from requirements of new Financial Reporting Standards” presumably implies that there may nevertheless be cases where specific transactional arrangements would be necessary. It would be helpful if the Preface were to state explicitly that such exceptions may sometimes be made.

I hope these comments are helpful. We would of course be very pleased to supply you with more detail on our views on these points, or on any other aspect of the Exposure Draft.

Yours faithfully

Ian Harrison
Director

LONDON INVESTMENT BANKING ASSOCIATION

List of Members (as at 14 February 2002)

Ansbacher & Co Limited
ABN AMRO Bank N.V.
Arbuthnot Latham & Co., Limited
BNP Paribas
Bank Insinger de Beaufort plc
Barclays Capital
Bear, Stearns International Limited
Beeson Gregory Limited
CIBC World Markets Plc
Cazenove & Co. Ltd
Close Brothers Corporate Finance Ltd
Collins Stewart Limited
Commerzbank AG
Credit Suisse First Boston International
Daiwa Securities SMBC Europe Limited
Dawnay, Day & Co., Limited
Deutsche Bank AG London
Dresdner Kleinwort Wasserstein
Goldman Sachs International
Granville Baird Ltd.
Greenhill & Co. International LLP
Hawkpoint Partners Limited
HSBC Investment Bank plc
ING Barings
Instinet UK Ltd
Investec Bank (UK) Limited
JPMorgan Chase Bank
KBC Peel Hunt
Knight Securities International Ltd
Lazard
Lehman Brothers
Merrill Lynch Europe PLC
Mizuho International plc
Morgan Stanley International Ltd
Nomura International plc
N M Rothschild & Sons Limited
Schroder Salomon Smith Barney
Singer & Friedlander Holdings Limited
Société Générale
3i Group plc
The Toronto Dominion Bank
UBS Warburg
Westdeutsche Landesbank Girozentrale

sd E/memnam