

# **SOUTHERN SOCIETY OF CHARTERED ACCOUNTANTS**

## **Submission from the Regional Technical Advisory Committee Meeting (No.14)**

### **Paper : Draft Preface to IFRS**

**Date : Thursday 22<sup>nd</sup> December 2001**

**Reporter : Richard Davis**

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The committee has reviewed the noted document at their meeting on the above date and have made the following comments:

#### **Paragraph 6**

This paragraph sets out the aims of the IFRS that will be issued. Whilst most of these are to be welcomed it is unlikely that they will encourage the preparation of understandable Financial statements due to the complex nature of the issues addressed. How is this to be achieved and reconciled with the other objectives.

#### **Paragraph 9**

This paragraph attempts to define the entity that the IFRS apply to. There is also confusion over non-profit-making entities. We consider that it would be better to define the accounting statements that the IFRS apply to. There does not appear to be use of True and Fair view anywhere in the document.

#### **Paragraph 11**

This refers to an income statement and a statement showing all changes in equity. There does not appear to be consideration of a combined performance statement. Is this intentional?

There must be some minimum criteria for financial statements. The cost or time considerations which allow less information to be given do not sit well with this.

There is also reference here to IAS 34. References to particular statements, which may change, would require revision of the preface and should be avoided.

#### **Paragraph 16**

Again there is reference here to IAS 1. References to particular statements, which may change, would require revision of the preface and should be avoided.

#### **Question 1**

Comment on this is above. Defining the financial statements that the IFRS are to apply to would be clearer.

#### **Question 2**

The intention to discontinue the use of bold and italic type should be reconsidered. There is a lot of merit in having the main issues highlighted and it is not considered that this will lead to any significant detracting from the rest of the statements.

#### **Question 3**

The due process for development must include all of the areas noted. The qualification of this with 'not necessarily' is slightly worrying. There should also be a set minimum timetable for making comment to ensure that a 'reasonable period of time' for comments is really given.