

22<sup>nd</sup> July 2004

Sir David Tweedie  
International Accounting Standard Board  
30 Cannon St  
London EC4M 6XH

United Kingdom

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*Subject : Exposure Draft IFRS 3: Business Combinations*

Dear Sir,

We are pleased to provide you with our comments on the above mentioned Exposure Draft. We disagree with the implementation of IFRS 3 to cooperative entities.

You will find, in the enclosed document, the detail of our position on this ED.

We remain at your disposal, for any query regarding our comments.

Best regards,



Isabelle FERRAND

**Question 1:**

In most countries, business combinations concerning cooperative banks are performed under the pooling of interest accounting method. In these operations, it is impossible to identify an acquirer and consequently to justify the purchase method and to ascertain a goodwill. The consideration of the acquisition of a cooperative bank is the book value of existing membership shares; it results from the structural functioning of these entities.

We, therefore urge the Board to consider an alternative accounting method for business combination, where the purchase method is not appropriate. According to us, in such cases, the implementation of the pooling of interest method would clearly result in economically more reasonable effects and the continuing use of IAS 22 would be preferable.

In other respects, we support Efrag's comments that point out the fact that §31B of the ED is inconsistent with IFRS3 §24 and §29, in that costs directly attributable to a combination are included in the cost of the business combination.

**Question 2 :**

We understand the IASB's intention of avoiding the implementation of different accounting methods for business combinations concerned by this ED. But we think that the implementation date for an ED should not be earlier than the date of its publication. Indeed, some entities are making some operations at present and, as a matter of fact, don't take into account a change in accounting principles.