

PREFACE TO IFRS
Issued for comment by 15 February 2002

SCOPE AND AUTHORITY

Question 1.

The Board states in paragraph 9 of the proposed Preface that IFRS are designed to apply to the general purpose financial statements of all profit-oriented entities, as defined. The Board also says that although IFRS are not designed to apply to not-for-profit activities in the private sector, public sector or government, entities with such activities may find them appropriate. It notes that the Public Sector Committee of the International Federation of Accountants (PSC) is preparing accounting standards for governments and other public sector entities, other than government business enterprises, based on IFRS.

Is the Board's proposed scope clearly defined and appropriate?

✎ Yes

Question 2.

The Standards issued by the IASC include paragraphs in bold italic type and paragraphs in plain type. The Board is concerned that some constituents may have interpreted the bold italic paragraphs as having more authority, although IASC commentary has suggested otherwise. Paragraph 14 of this proposed Preface states that paragraphs in bold italic type and plain type have equal authority and sets out the Board's intention to discontinue the use of different type styles. The Board intends to provide, in IFRS, robust and useful guidance to illustrate the basic principles in each Standard, including a detailed Basis for Conclusions.

Do you agree with these proposals? Why or why not?

✎ We always thought that paragraphs in bold italic type and plain type have equal authority. We think this should be reassessed by the Board to prevent from any misunderstanding. However we feel that the use of two different fonts is helpful for readers to highlight the principles of the standard.

DUE PROCESS

Question 3.

In paragraphs 19 and 20 of this proposed Preface, the Board sets out the due process normally expected to be followed in issuing Standards and Interpretations.

Are the Board's proposals appropriate? Are any proposed steps unnecessary?

Are there additional steps that should be incorporated?

- ↳ We think that the comments periods should be specified. The paragraph of page 15 in the Due Process section of the Introduction of the IAS 2001 Book should be reproduced in the Preface.
- ↳ In paragraph 19 it is specified that technical matters are discussed during meetings that are open to the public. We think that the Board should pay attention to have the debates understandable to the public. Although we do understand that the Agenda Papers cannot be available to the public we think that the Board should respect some kind of due process in the debates (and in the papers available for observers) as reminder of the issue , alternatives etc....

GENERAL

Question 4.

Are there any other matters that should be addressed in the Preface to IFRS?

- ↳ We regret the change of names from IAS to IFRS because the name of IAS is well known.
- ↳ We feel that the issue addressed in the second sentence of §13 regarding choices of accounting treatment allowed in some IAS should be deleted. The question of reducing options should not be addressed in the Preface but on a standard-by-standard basis.