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Sir David Tweedie  
Chairman  
International Accounting Standards Board  
30 Cannon Street, 1<sup>st</sup> floor  
GB-London EC4M 6XH

Zürich, 10 January 2002

## Comments on the Draft Preface to International Financial Reporting Standards

Dear Sir David,

We welcome the opportunity to comment on the above Draft Preface. We have reviewed the draft and respond to the questions included in the invitation to comment as follows:

- 1 We believe that the proposed scope should be extended in the following respects:
  - The Board's role should be extended to include a commitment towards enforcing its Standards and Interpretations. The quality of its pronouncements will quickly be discredited if there are multiple interpretations in different countries.
  - The IASB should maintain some responsibility for not-for-profit organisations, although this may not be a priority. We recommend that an indication be made in each Standard and Interpretation to what extent the IASB considers it to be appropriate for a not-for-profit entity.
- 2 *We do not necessarily agree with the proposed discontinuation of using different type styles in writing the IFRS.* We believe that the current distinction between bold italic and plain paragraphs is useful to facilitate the access to the Standards, above all to people whose native language is not English.

We agree of course that the bold italic and the plain paragraphs have equal authority. We suggest that this fact be included in the Preface to each existing *International Accounting Standard*.

As for the future *International Financial Reporting Standards*, we hope that the Board will find a way to clearly distinguish between the main requirements and the guidance thereon, for example, by numbering the paragraphs by hierarchy.

Overall, we believe that the chapter on Scope and Authority could be improved by explaining the hierarchy of authority of the Standards, Interpretations, Appendices, Implementation Guidance and other materials published.

- 3 We generally agree with the proposed due process. However, we would like to stress the fact that as a result of the IASC's transformation into IASB, a full-time professional standard-setter, a thorough due process becomes even more important. We welcome very much the early and timely information provided to the public, through detailed project descriptions and Board updates. In addition, we believe that public comments should generally be taken into consideration at an early stage of each project and sufficient time should be provided to obtain comments and to implement new requirements.

Therefore, we propose the following amendments to the preface:

- It should become a ***normal, rather than exceptional, practice*** to issue a discussion document for public comment. This should be clarified in the Preface.
- We believe that the Board should provide a minimum consultation period of say 90 days in order to obtain valuable input from all constituents.
- The effective date of revised and new requirements should generally be set prospectively, covering annual financial statements beginning on or after the effective date.

- 4 We have the following additional comments:

- 4.1 Companies and auditors will need guidance as to which term they should refer to when confirming that the financial statements comply with the Standard. Paragraph 5 of the Draft Preface is not sufficiently clear on that. We recommend that "compliance with IFRS" should be defined in the Preface as complying with all International Accounting Standards, International Financial Reporting Standards, as well as SIC and IFRIC Interpretations issued and effective as of balance sheet date.

- 4.2 Paragraph 2 of the Draft Preface should be amended as follows: “The role of the IFRIC is to prepare Interpretations of IFRS, and provide timely guidance on financial reporting issues not specifically addressed in IFRS, for approval by the IASB.” This amendment will ensure consistency with the proposed changes to the Constitution.

Yours sincerely,

Swiss Institute of Certified Accountants and Tax Consultants  
*Accounting and Auditing Practices Committee*

Urs Moser

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