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PARIS, 15th FEBRUARY 2002

CHAIRMAN

AB/CV

N°93

Sir David TWEEDIE
Chairman IASB
30 Cannon Street
London ECAM 6XH
UNITED KINGDOM

Dear Sir,

We are please to submit in the attachment our comments to the Draft of the Proposed Preface of IFRS.
We hope that they will be use to the work of the IASB in arriving at its final decision.

We appreciate very much the opportunity given to us to comment on this subject.

Best personnel regards,



Antoine BRACCHI

Copie à MM. DESMARCHELIER et ROCHET.

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Comments to Draft Preface to IFRS

Scope and Authority

Question 1

The scope is clearly defined and appropriate even if the precision about the mutual insurance companies and the mutual co-operative entities do not seem explicit enough to determine a strict scope in the French environment.

Indeed, the proposition "that provided dividends or other economic benefits directly and proportionately to their owners members or participants", could seem to exclude mutual insurance companies which do not propose participating contracts. The mutual companies provide often their economic benefits as discount on next year premium, mechanism which cannot be qualified "directly and proportionately". The same goes for mutual co-operative entities. We propose to delete the words "directly and proportionately".

About small entities, if it is conceivable that all the IFRS should apply to them, some simplifications could be considered on a case by case basis and notably in the disclosure requirements.

Question 2

If paragraphs in bold type have the same authority as the others, they cover nevertheless a different content, even if the distinction has not always been applied in a coherent way.

The maintenance of the distinction, in the new standards, between bold type and plain, one is generally wished. This distinction allows to underline paragraphs stating principles or summary even though paragraphs in plain type have the same authority but rather develop explanations, illustrations or detailed examples.

Due Process

Question 3

The process exposed is defined like the process usually followed. It is specified that certain steps could be omitted. It would be advisable to clarify the obligatory steps and indicate that the non-observance of certain steps should be justified.

The steps b) "exchange of views about the issues with national standard setters" and h) "the consideration of the desirability of holding a public hearing and of the desirability of conducting field tests" are particularly important to make sure that during the IFRS's drawing up, some qualities required concerning the standards within the IASC's Framework are fully respected (understandability, reliability, costs/profits consideration).

The steps e) relative the clause of the consultation of "discussion document" is also important in so far as this phase takes place upstream of the "exposure draft", at a stage where choices between various alternatives are not yet completed. It is proposed to include in paragraphs 19 and 20 a), after the words "...IASB's Framework to the issues", the following sentence –The IASB must take into consideration the proposals sent by persons and organisations designed in the here-above paragraph (in a delay fixed on a case by case basis), and if not, justify why they have not been retained"-

To allow interested partners to bring their contribution, a minimum of four months delay should be given. This delay should be mentioned in the preface.

General

Question 4

- The change of name and the coexistence of two different names for the same set of standards is confusing for reference to the standards created by the IASB. It would be preferable to keep only one name for the entire set of standards or find a way to referred globally to all the standards. As the IAS name is internationally well known, IAS could be used to clearly specify that all standards presently issued are referred to.
- The reference to "Framework" should be added in the last sentence of paragraph 14, next to the words "Preface" and "Standard".
- In paragraph 22, it will be desirable that the IASB specified the rules and limits of the retroactive application in relation with the first application of a new standard. It seems justified to limit the retroactivity of new standards to the periods during which the new standards have been discussed at Board level, meaning that the public has been aware of their possible issuance in the future, by way of public consultation by or information letters from the IASB.
- Although this point does not refer strictly to the objective of the IASB Preface, it would be desirable that the basic concepts used in the standards, such as those of probability, majority or "undue cost or effort", be defined in the Framework to reduce the difficulties of interpretations and consequently to apply the standards consistently.