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Mr K Stevenson, Technical Director
International Accounting Standards Board
30 Cannon Street
London EC4M 6XH
England

6 February 2002

Dear Mr Stevenson,

Exposure Draft of a Proposed Preface to International Financial Reporting Standards

FAR, the institute for the accountancy profession in Sweden, has the pleasure to submit the following comments to the Exposure Draft of a Proposed Preface to International Financial Reporting Standards.

In view of the Board's new role FAR supports revising the Preface. FAR has the following detailed comments:

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.

FAR questions the exclusion of not-for-profit oriented entities from the Board's objectives. Many not-for-profit entities could use IFRS in connection with many activities.

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.

FAR welcomes the confirmation that all text has equal status. However, considering the text volume in most IFRS, continuing the bold/grey approach also in the future would make it easier to identify the principles. Consequently, FAR recommends that the bold and grey text approach be retained.

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 proposals unnecessary? Are there additional steps that should be incorporated?

Minimum periods for consultation should be introduced, e.g. 60 days for IFRIC and 90 days for IASB, possibly longer for more complex issues.

Question 4

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

Enforcement of IAS/IFRS

The IASB has as its objective "enforceable" standards. The proposed Preface does not comment on enforcement, but it seems to be an appropriate place to do so.

Use of "shall" in the text of IAS

The Preface should indicate that "shall" in a standard means that compliance is a condition for claiming to be in full compliance with IAS.

Standing and scope of IFRIC interpretations

The proposed Preface does not clearly define the standing of documents issued by IFRIC. In paragraph 15 interpretations are referred to as "authoritative guidance" whilst in paragraph 2 they are referred to as "interpretations". Under the new working arrangements all IFRIC interpretations will have been voted upon by the full Board, requiring the same majority as IFRS. Thus the consensus paragraphs of the interpretations should have the same standing as black or grey letter text in the standards.

Hierarchy of material issued by the Board

An explanation of the hierarchy of the different pronouncements produced by the Board would be helpful. We believe that such an explanation would belong more appropriately in the Preface than in IAS 1, where we understand the Board may incorporate it. This should cover the standing of the basis for conclusions, implementation guidance, and other appendices.

Implementation guidance should be relatively rare. Further, recent experience with IAS 39 guidance suggests that a more extensive due process would be appropriate.

A handwritten signature in dark ink, appearing to read "Carl-Eric Bohlin".

Carl-Eric Bohlin
Chair, Accounting Committee

A handwritten signature in dark ink, appearing to read "Björn Markland".

Björn Markland
Secretary General