

31 January, 2002

International Accounting Standards Board
30 Cannon Street
LONDON
EC4M 6XH

Dear Sir/Madam

Exposure Draft: PREFACE TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

Thank you for the opportunity for CIMA to comment on this exposure draft. Our comments are as follows:

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?

CIMA feel that the third sentence of paragraph 9, giving some examples of profit-oriented entities, is unnecessary. In the latter part of the paragraph, CIMA propose the following wording, to emphasise whose is the responsibility for the decision to adopt IFRS for non-profit oriented activities:

“Although IFRS are not designed to apply to not-for-profit activities in the private sector, public sector or government, IFRS may be appropriate for such activities. Bodies responsible for determining the financial reporting regime for such activities may decide to apply IFRS. The Public Sector Committee of the International Federation of Accountants...” etc.

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 agreed with these proposals? Why or why not?*

CIMA would like to see some method of distinguishing the principles, from the application guidance. Appropriate paragraph subheadings could be used instead of changes in typeface, if the IASB consider the latter to be misleading. Layout and presentation can contribute significantly to the comprehension of technical material, particularly in assisting the reader to find specific references. Consideration might be given to using marginal notes, as are sometimes used in legislation, to guide the reader, who may not be reading an IFRS in his mother tongue.

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?*

CIMA believes that the processes as outlined are appropriate. An indicative timetable would also be useful.

Question 4: *Are there any other matters that should be addressed in the Preface to IFRS?*

CIMA have no other comments.

Yours sincerely



Louise Ross
Secretary of Accounting Practices Group
Direct tel: 0208 676 8774
Direct fax: 0208 676 8774
E-mail: Louise.Ross@cimaglobal.com

Jim Metcalf
Chairman of Accounting Practices Group