



PdK e.V. - Büro HH - Baumeisterstraße 2 - 20099 Hamburg

Sir David Tweedie
Chairman
International Accounting Standards Board
30 Cannon Street

GB - London EC4M 6XH

Prüfungsverband im Sinne des
Genossenschaftsgesetzes

Sitz:

Alte Jakobstraße 78
10179 Berlin
Telefon: (030) 24 65 81 - 0
Telefax: (030) 24 65 81 - 29

Büro Hamburg:

Baumeisterstr. 2
20099 Hamburg
Telefon: (040) 2 35 19 79 - 0
Telefax: (040) 2 35 19 79 - 67

e-mail: Info@PdK-Berlin.de
Internet: www.PdK-Berlin.de

30. Juli 2004

Ihre Nachricht vom

Ihr Zeichen

Unser Zeichen

Durchwahl

e-mail

HH-Bö

Info@PdK-Berlin.de

**Comments on International Accounting Standards Board's
Amendments to IFRS 3 Business Combinations**

Dear Sir David,

We, the German Auditing Organisation for consumer- and service cooperatives, write to you in the name of more than one hundred cooperatives with more than 550.000 members.

We strictly reject the proposed Amendments to IFRS 3 Business Combinations.

In the past, the IAS 22 accepted two types of accounting methods for business combinations: the "Purchase method" and the "Pooling of Interests method". Cooperatives and mutuals that consolidated accounts together used the second one. The IFRS 3 has replaced the IAS 22 for all enterprises except for mutual entities and joint ventures. The proposed Amendment to IFRS 3 includes the mutual entities into the IFRS 3. The main difference between the old IAS 22 and the new IFRS 3 is that the IFRS 3 only admits the "Purchase method".

The Amendment of IFRS 3 does not reflect the juridical nature of mutual entities and cooperatives. Their objective is to optimise the services provided to the members. Because of this members' shares are non-transferable to non-members. If one member owns more shares of a cooperative it has no more voting power (principle of "one person – one vote"). Nobody can own the majority of the member share capital.

The old "Pooling of Interest method" is needed from mutuals and cooperatives for a business combination.



We hope you can recover the old situation for mutual entities and cooperatives.

Yours sincerely

Prüfungsverband deutscher
Konsum- und Dienstleistungs-
genossenschaften e.V.

A handwritten signature in black ink, appearing to read 'B. Bösche'.

Dr. Burchard Bösche
Besonderer Vertreter