



INTERNATIONAL
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ALLIANCE

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TO: -ICA Members
-Sectoral Organisations

Dear Colleagues,

IFRIC Interpretation D8 (IAS 32)

I refer to my letter of 11 November 2003 where the ICA brought to your attention the problems presented by the revised International Accounting Standard (IAS) 32.

Since then an intensive campaign by various parts of the global Co-operative Movement has led to the reconsideration of these proposals by the International Accounting Standards Board (IASB). As a result, the International Financial Reporting Interpretation Committee (IFRIC), part of the IAS structure, has reached a consensus on an 'interpretation' on dealing with co-operative shares, and are recommending it to the IASB (see full text of this 'interpretation' on the IASB website, www.iasb.org). This will be considered at the next IAS Board meeting.

The ICA considers that real progress has been made on this issue and strongly recommends that members indicate their support for this 'interpretation' to the IASB. Positive comments from the Co-operative Movement are very important. Although many members feel that more should be done, we feel a potentially disastrous situation can be avoided by supporting the interpretation at this time.

I urge you, therefore, to write to the IASB in support of the 'interpretation on dealing with co-operative shares' before the consultation closing date of **13 September 2004**. I attach the proposed guidelines for responses from the European Association of Co-operative Banks, which has carefully considered the most effective form of response.

I am sure that the Movement will continue its engagement with the IASB in the future, in particular to ensure that that body more fully understands the nature of the global Co-operative Movement and our particular form of enterprise; however your voice is needed to ensure that the current interpretation is supported. We count on your collaboration.

Thank you for your co-operation.

Yours sincerely

Iain Macdonald
Director General

