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## ICA Press Release

### Accounting Standards Threaten Co-operative Identity

**Geneva, Switzerland, 20 November, for immediate release -**

The ICA today announced it will continue to challenge the proposed International Accounting Standards Board (IASB) attempts to apply new accounting standards to co-operatives.

IASB has proposed a new accounting treatment for the way equity is reported in balance sheets - IAS 32 (Financial Instruments Disclosure and Presentation).

Iain Macdonald, ICA's Director-General said today, "This is not an issue that is only of interest to accountants. If the proposed changes go ahead they will have a real and potentially very serious affect on the viability of many co-operatives throughout the world."

Under the new standards much of what has always been categorised as equity in the balance sheets of co-operatives may have to be reclassified as debt. This may well threaten the viability of many existing and successful co-operatives.

"The IASB has a clear and worthwhile policy outcome in mind in developing the new standard," Mr. Macdonald said. "They have however, failed to take account of the special character of co-operatives. Co-operatives are different. And we need that difference acknowledged in the way we operate and report our activities," he added.

The ICA is as concerned as anyone, perhaps more than most to ensure a high level of integrity in financial reporting. Many co-operatives have been among the leaders in providing more detailed reporting of their activities. It is not a matter of wanting special treatment but fair treatment.

The ICA understands the importance of this issue to co-operatives and is joining with a number of its member organisations in making representation to national, European and international organisations. The campaign to oppose these changes is building and meeting with early success.

The ICA's member in the United States, the National Co-operative Business Association (NCBA) has announced that as a result of its representations the standards-setting board in that country has deferred indefinitely the application of a similar standard to US co-operatives.

The ICA President and Director-General are meeting with the representatives of the European Union to further discuss this matter.

This is a fundamentally important issue and we intend to redouble our efforts in this regard Mr Macdonald concluded.

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The International Co-operative Alliance is an independent, non-government association which unities, represents and serves co-operatives worldwide. The ICA was founded in London in 1895. Its members are national and international co-operative organisations in all sectors of activity including, agricultural, banking, fisheries, housing, tourism, and consumer co-operatives. ICA has more than 200 member organisations from over 100 countries, representing more than 760 million individuals worldwide.