

Cali, October 27, 2005

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Sir
David Tweedie
Chairman - IAS Board
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"IFRS 3 - BUSINESS COMBINATIONS"

COOMEVA works on the satisfaction of needs and integral development of their members and their family group, we promote the development of their professional activities, promoting the generation of enterprises or the participation on the existing, better if those have a solidarity philosophy and in such way to strengthen the solidarity sector action, the community and the sustainable human development. Nowadays our members add up to 170.412

Regarding the 2005 IASB's exposure draft on amendments to "IFRS 3 - Business Combinations", we would like to comment on the intention of including "mutual entities".

We are convinced that business combinations among mutuals and cooperatives cannot be properly accounted for under the present proposal, nor that an entity can acquire a cooperative as explained under the proposed amendments.

We object the IASB proposed definition of mutual entity, as the concept is unclear in its boundaries between mutuals and cooperatives, mixing different business structures that cannot be accounted for in the same manner. The Statement on the Cooperative Identity, agreed upon by the International Cooperative Alliance and its entire world membership in Manchester in 1995, and incorporated in full in International Labour Organisation Recommendation 193 on the Promotion of Cooperatives, approved at the 2002 session of the International Labour Conference of the ILO in Geneva, defines the cooperative as "an autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly owned and democratically controlled enterprise".

We strongly emphasize that cooperatives and mutuals do not correspond to the concept of "mutual entities" as described along the exposure draft, and therefore requests that the internationally-agreed distinctive characteristics of cooperatives and mutuals be clearly recognized.

Technical knowledge is still lacking and the need of rethinking a distinctive accounting category for cooperatives, as described in ILO Recommendation 193. This category could be common with mutuals provided that the differences between the two models are explicitly clarified, and provided that this common category is clearly different from the present "mutual entity" concept.

Cordialmente,



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