



NATIONAL UNION OF WORKER PRODUCERS CO-OPERATIVES

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Sir David Tweedie
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DEAR SIR DAVID,

We the National Union of Worker Producers' Cooperatives in Bulgaria are really interested in and pay respect to the ISBS's exposure draft on amendments to the standard "IFRS3 – Business Combinations". This exposure draft, as we are aware, comes as a follow-up to your last year's business combinations project phase I, and now you have the idea to include in the business combinations the mutual entities – a term that seems to include mutuals and cooperatives.

We made a thorough analysis of the 115 years' long practice of the cooperative movement development in Bulgaria and came to the categorical conclusion that the version of the "IFRS3 – Business Combinations" you are suggesting, is not complying with the cooperative traditions and the operative legislation in our country.

If the application in practice of the version you are suggesting is admitted, the very contents of the cooperative identity will be made senseless,

and the social status of the cooperative members, as proprietors and managers of their own cooperative enterprise will be substituted by a status of participants in capital societies. There is a real danger that the economic potential of the cooperative system will greatly suffer, and millions of people with minor economic strength will be not able to, with the dignity of proprietors, secure a normal living to their families.

Given the specific nature of the cooperative enterprises, we would like to address the IASB with the request that the cooperatives are excluded from the “IFRS3 – Business Combinations”.

We highly appreciate your efforts to search for scientific approaches and solve problems related to the cooperatives and business combinations, in view to better meet the challenges of modern time. However, in spite of our sincere esteem, we definitely declare that we cannot accept that in the “IFRS3 – Business Combinations” version you are suggesting, the mutuals and cooperatives are covered by the term “mutual entities”.

We very much hope, dear Sir DAVID, that you will take into consideration our comments concerning the “IFRS3 – Business Combinations” version you are suggesting, and would like to express our best wishes for successful creative work in the future.

Yours sincerely:

Stilian Balasopulov

President