



DCP-220-2002

Moravia, Costa Rica
November 11, 2002

Members
International Accounting Standard Board

Dear Members:

When you set up the objectives of ED 1 FIRST-TIME APPLICATION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS, about ensure high quality of the information of the financial standards, just like transparency for the user, compatibility, and specialty to set a convenient point of start to the accountant in a entity over the guidance of IFRS, it have change in a project of mayor interest to the accountants and auditors.

The transition process to IFRS, how it is exposed in the 6 paragraph, I think it is clear, because it resumes the work to do since the interior of the accountant frame marc. However, the measurement would be easy of comprehension to who have a mid-high level of accountant knowledge, to when the case exists, we can used with the good criteria, or we can explain it academic, without to defelct us of his right intention and without possible interpretations of practice character that drive us to contingent errors.

One of our elder concern it is to know the comments and observations that will be discuss for your Board, because we consider that you will have a lot about conceptual and jurisdictional aspects that will be obligatory in our country. For example, one doubts sit is the following:

"The application of the IFRS can have several effects in the financial reporting of one entity. Amongst bings effects it can be that the ajustment will have big than their financial measurements will be affect in an important form. For example, the financial entities would be adjust the comissions on credits conceded. This means that all comissions recovered by the financial entities have mustted adjourn at the life of the loan with the costs at they are mustted to generate them. If one financial entity have loans to long time, they would must adjust all the comissions recovered along the years together with the costs by to generate them. This brings several problems amongst we can say:

1.If these commissions are reversal on the loans conceded that they are in and to generate entrances at the useful life of the loan to can have a yield effective, can be generated one loss accumulated at the inheritance it than i would affect their financial indicators, according to exigencies of the Sistema Nacional de Supervisión de Entidades Financieras.

2.Difficulty to generate information to obtain the prices associated to the generation of comissions to concede loans of loans conceded several years back.

The question should be generated to the necessity of perform these adjustments in a reverse form though indicators financial and if don't exist feasibilities real of quantify the expenditure than se they did generate to concede the credits; Is musttted apply retrospectivamente to obtain the yield effective?"

Cordially,

Guillermo Smith Ramírez
President, Colegio de Contadores
Públicos de Costa Rica