



INCP

# INSTITUTO NACIONAL DE CONTADORES PÚBLICOS DE COLOMBIA

ASOCIACION INTERAMERICANA DE CONTABILIDAD - AIC  
FEDERACION INTERNACIONAL DE CONTADORES - IFAC  
NIT. 860.013.744-8



Fundado en 1951

Colombia, Bogotá, D.C., October 23, 2002  
665-02

International Accounting Standard Board  
30 Cannon Street  
London EC4M 6XH  
United Kingdom

## Exposure Draft Comments

We welcome the opportunity to comment on the Exposure Draft, ED 1 First-Time Application of International Financial Reporting Standards. The views expressed in this letter are those of the Instituto Nacional de Contadores Públicos, Colombia, International Committee.

Our response is organized according to the questions. Our main comment relates to the cost-benefit associated with the required reconciliation. See Q. 3.

### Question 1.

We think that the circumstance described in 2.a.ii is not an appropriate description of a circumstance when the proposed standard should apply.

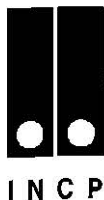
In this case, IFRSs have been applied, but the financial statements did not contain an explicit and unreserved statement regarding compliance with IFRS. In this particular case, required disclosures are not meaningful (e.g. there is not going to be a reconciliation because the standards used are the same).

We would recommend this case not to be treated as first time application. We recommend to exclude this case and provide guidance regarding required disclosures for this case, when the IFRS application becomes public.

### Question 2.

Our comment to this question is the requirement to use **all** the exemptions, if applicable (Paragraph 14).

Carrera 7a. No. 27-52 Oficina 403  
Telefax: 243 43 19 - 243 43 21 - 243 43 81  
243 42 86 - 243 42 94 - 284 98 82 - 342 73 20  
E-mail : incpcol@col1.telecom.com.co  
www.incp.org.co • Apartado Aéreo 6275  
Bogotá, D.C. Colombia



# INSTITUTO NACIONAL DE CONTADORES PÚBLICOS DE COLOMBIA

ASOCIACION INTERAMERICANA DE CONTABILIDAD - AIC  
FEDERACION INTERNACIONAL DE CONTADORES - IFAC  
NIT. 860.013.744-8



Fundado en 1951

We believe that there may be cases when one or two exemptions should be used, but companies are prepared to avoid the rest of the exemptions. We believe that the information could be better, if certain exceptions are applied. The exemptions used should be disclosed.

## Question 3

We believe that the requirement to disclose the reconciliation of the profit and loss reported under previous GAAP for the latest period and the profit and loss under IFRS may be costly in some cases. (31.b and 32)

## Question 4

Other comments are:

- Colombia is to harmonize with IFRS by 2005. There are foreign entities that already report in both Colombian GAAP and IFRS. For those entities, the standard should allow the adoption as of the first time the foreign entity applied IFRS.
- There are entities which accounting period is less than a year (e.g. Many banks in Colombia close operations each semester or quarterly). The standard should accept two semesters as comparative financial statements allowing the first year as total implementation.
- The ED1 does not refer to materiality considerations. We consider that the standard should also consider materiality when defining application and disclosures.

Please contact Ana L. López at 571 6188 007 if you wish to discuss any of the issues raised.

Yours faithfully,

INCP

  
YANEL BLANCO LUNA  
President

Carrera 7a. No. 27-52 Oficina 403  
Telefax: 243 43 19 - 243 43 21 - 243 43 81  
243 42 86 - 243 42 94 - 284 98 82 - 342 73 20  
E-mail : incpcol@col1.telecom.com.co  
www.incp.org.co • Apartado Aéreo 6275  
Bogotá, D.C. Colombia