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October 30, 2002

The Secretary-General
International Accounting Standards Boards
30 Cannon Street, London EC4M 6XH
United Kingdom

Dear Sir:

This letter responds to the International Accounting Standards Board (IASB) Exposure Draft First-time Application of International Financial Reporting Standards (the Exposure Draft). On behalf of the Korea Accounting Standards Board (KASB), I commend the IASB for its continuing efforts to improve international accounting standards and appreciate the opportunity to comment on the Exposure Draft.

The comments addressed in this letter have been developed by the International Accounting Standards Review Committee (IASRC) of the KASB and does not represent an official position of the KASB. Official positions of the KASB are determined only after extensive due process and deliberation to which this letter has not been subjected.

The remainder of this letter provides the IASRC's comments on questions (number 1 through 4) raised in the Exposure Draft.

Question 1

The proposed IFRS would apply when an entity first adopts International Financial Reporting Standards (IFRSs) as its new basis of accounting, by an explicit and unreserved statement of compliance with all IFRSs (paragraphs 1- 5 and paragraphs BC4 - BC10 of the Basis for Conclusions). Is this an appropriate description of the circumstances when this proposed IFRS should apply? If not, what changes would you suggest, and why?

The IASRC believes that the proposed scope (paragraphs 1-4) gives an appropriate description

of the circumstances when this proposed IFRS should apply. However, we have partial disagreement on the proposed paragraph 5. The condition described in proposed paragraph 5(b) which requires unanimous agreement of minority interests seems unnecessary.

Question 2

The proposed IFRS proposes a requirement that an entity shall prepare its opening IFRS balance sheet using accounting policies that comply with each IFRS effective at the reporting date for its first IFRS financial statements. Paragraphs 13- 24 propose limited exemptions from this requirement. Are all of these exemptions appropriate? Should the Board amend any of these exemptions or create any further exemptions (paragraphs BC11 - BC89)? If so, why?

The IASRC believes that all three categories of exemptions (paragraphs 14-24) are appropriate and we do not think of any changes or any further exemptions.

Question 3

Paragraphs 28- 37 of the proposed IFRS deal with presentation and disclosure requirements (see also paragraphs BC90- BC97). Are all of these disclosures appropriate? Should the Board require any further disclosures or eliminate or amend any of the proposed disclosure requirements? If so, why?

The IASRC agrees with the proposed presentation and disclosure requirements except for the requirement of comparative information described in proposed paragraph 29. Even for a basic financial statement analysis, it may be needed at least three years' financial data. Hence, at least two years' of comparative information in addition to current year's financial statements should be provided, i.e., one more year's information than required in proposed paragraph 29. We believe that the benefits outweigh the costs in this case.

Question 4

Do you have any other comments on the Exposure Draft?

The terminology "undue cost or effort" in paragraph 14 and below is not clear and may be misleading. Without clear definition of "undue" cost or effort, management would have an incentive to abuse these exceptions, or he may misinterpret it as "not supposed to incur", "wrong", or "not have to incur" cost or effort. The word "excessive" meaning "cost exceeds benefit" might be a better term than "undue".

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Again, thank you for the opportunity to comment on the Exposure Draft. The IASRC is willing to address any questions or concerns with regard to the above comments at your convenience. Such should be forwarded to Jaewon Yoon, KASB staff at jwyst1@kasb.or.kr.

Sincerely,

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Kyung-Ho Kim

Chairman, International Accounting Standards Review Committee

Vice Chairman, Korea Accounting Standards Board