



International Accounting Standards Board
30 Cannon Street
London EC4M 6XH

United Kingdom

22 October 2002
H 3.9 - Sü/To

ED 1 First-time Application of International Financial Reporting Standards

Dear Madam, dear Sir,

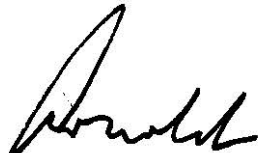
We welcome the publication of the exposure draft on first-time application of International Financial Reporting Standards. The proposed standard envisages a pragmatic approach, which will reduce the cost and administrative burden for an entity making the transition to IFRSs. There is, however, one point we should like to comment on.

We agree with the rule in ED 1.7, which stipulates that the current accounting rules should be used for all the periods presented in an entity's first IFRS financial statements. We also endorse the exemptions in ED 1.14-24. In contrast, we consider the requirement set out in ED 1.13 highly problematic. This specifies that if an entity does not make use of the permitted exemptions, its comparative figures must be calculated by applying the IFRSs that were effective in the relevant periods. This means that if a standard has been amended in the meantime and retrospective application of this standard is not permitted, the figures for the reporting period and for the previous year will have to be calculated using different versions of the same standard. The resulting accounts would not be comparable and, moreover, such a method is impracticable.

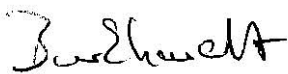
In the interests of applying accounting rules in a way which is both consistent and comparable, we advocate retaining only the general principle in ED 1.7. Only the IFRSs

effective at the reporting date for an entity's first IFRS statements should be applied and no distinction should be made between the reporting and prior periods.

Yours sincerely,



Wolfgang Arnold



Katrin Burkhardt