

October 31, 2002

CommentLetters@iasb.org.uk
International Accounting Standards Board
30 Cannon Street
London EC4M 6XH
United Kingdom

Re: IASB Exposure Draft 1 First Time Application of International Financial Reporting Standards

Dear Sir or Madam:

One of the objectives that the Council of the American Institute of CPAs established for the PCPS Executive Committee is to act as an advocate for all local and regional firms and represent those firms' interests on professional issues, primarily through the Technical Issues Committee ("TIC"). This communication is in accordance with that objective. These comments, however, do not necessarily reflect the positions of the AICPA.

TIC has reviewed the above-referenced exposure draft (ED) and is providing the following comments and suggestions for your consideration.

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?

TIC believes the ED should provide an example of an "explicit and unreserved statement of compliance." TIC suggests the following: "The accompanying financial statements are presented in accordance with International Financial Reporting Standards and comply with all the reporting and disclosure requirements of such standards."

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?

TIC believes the exemptions listed in the ED are appropriate. However, TIC is concerned that an auditor would be unable to determine that these limited exemptions are appropriate for a particular entity under audit. TIC believes that the IASB and the IAASB should work together to provide auditing guidance on the implementation of this ED. Specifically TIC would like to see the IAASB issue guidance on the determination of when it is appropriate to use the "limited exemptions" listed in the ED.

TIC appreciates the opportunity to present these comments on behalf of PCPS member firms. We would be pleased to discuss our comments with you at your convenience.

Sincerely,

Candace Wright, Chair
PCPS Technical Issues Committee

cc: PCPS Executive and Technical Issues Committees