

Swedish Bankers' Association

Svenska Bankföreningen

POSITION PAPER

30 October 2002

IASB

30 Cannon Street, London EC4M 6XH
United Kingdom

EXPOSURE DRAFT ED 1 FIRST-TIME APPLICATION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS

Swedish Bankers' Association welcomes the invitation to comment on the Exposure Draft First-time Application of IFRS and has the following to put forward.

Question 2

In paragraph 14 IASB says that if an entity uses the exemptions in paragraph 16-24, it shall use them all, to the extent that they are applicable.

Swedish Bankers' Association believes that the possibility for entities to go back and restate amounts is likely to differ between the exempted assets and liabilities. We are therefore of the opinion that entities should be allowed to decide which exemptions they think are proper to use. We also find it hard to see any feature of "cherry picking" in such behaviour since the exemptions are dealing with different standards, which normally are applicable for different kinds of transactions and/or different classes of assets and liabilities. Only when it has been identified that the different standards have a close relationship and that relationship might create good opportunities for cherry picking, it should be necessary to apply the rules consistently.

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Further, Swedish Bankers' Association is of the opinion that intangible assets should be covered by the exemptions set out in paragraph 16 to 24 on the basis of undue cost or effort. In our view it is not common that entities have retained sufficient information about costs and future economic benefits to determine which internally generated intangible assets qualify under IAS 38 for recognition in the opening IFRS balance sheet. We are therefore of the opinion that this information, in most cases, cannot be restated without undue cost or effort. This is particularly the case when an entity needs to go back and track judgements about future economic benefits and is supposed to have documented these judgements in accordance with a non-existing standard.

SWEDISH BANKERS' ASSOCIATION



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