



INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS IN
BULGARIA

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**International Accounting Standards Board
30, Cannon Street, London EC4M 6XH
United Kingdom**

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**COMMENTS
of the Institute of Certified Public Accountants in Bulgaria**

**Re: Exposure Draft 1 – First-time Application of International Financial
Reporting Standards**

Dear Sirs,

We have discussed the above-mentioned ED 1 with great interest and herewith we present our comments.

According to art. 38, para 2, items 2 and 4 of the Accountancy Law the International Accounting Standards shall be applied in the Republic of Bulgaria as of 1.1.2003 for the banks, insurance, investment and social securities enterprises, the enterprises which are emittants under the Public Offering of Securities Law and for any other enterprises at their own choice according to § 5 of the Transitional and Final Provisions of the Accountancy Law.

In this respect Question 1 gives rise to the following questions:

The National Accounting Standards had been elaborated since 1992 until 2002 on the basis of the benchmark treatment of the IAS. These standards being in force as of 1.1.2002 apply also the allowed alternative treatment. With reference to this is a new accounting informational basis existing at the time of the official IAS application as of 1.1.2003 and 1.1.2005 for the enterprises in the country, or not ?

We consider that in the Republic of Bulgaria we can assume that there is no first-time application of IAS having in mind the development of our accounting legislation. It is another point of discussion that we can speak for a partial application only.

Having in mind the above-mentioned we would suggest for the cases when there is a practical partial application at the time of the official first-time application just to supplement the existing informational basis only in regards to these accounting objects for which the IAS have not been applied while the enterprises shall disclose what they have applied up till now and what shall apply for the first time.

The situation is the same as far as the answers to Questions 2 and 3 are concerned.

With regards to Question 4 we would suggest the following: Do you think it will be advisable after this ED is approved as a standard to make changes in IAS 30 and to include systematic regulations for the banks, insurance enterprises and investment companies?

Another important question we would like to present herewith is about the measurements and more exactly the application of the fair value as a deemed cost.

In the Republic of Bulgaria there are no reliable informational sources for defining the fair value with the exception of the Stock-Exchange. Besides that the enterprises would object to imposed expenses for revaluation of land and buildings by licensed valuers.

In 1997 and the years after that a consequent valuation had been made on the basis of the inflational index.

In this situation is it possible at the time of the official IAS application the deemed cost to be formed in this way for the non-current tangible and intangible assets?

Simeon Milev



Chairman of the Institute of Certified Public Accountants