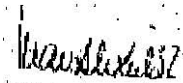


Sir David TWEEDIE
Chairman of IASB
30 Cannon Street
UK - EC4M 6XH LONDON
19 September 2002


Dear Sir Tweedie,

In response to the invitation to comment publicly made by IASB, please find enclosed the remarks to the IASB Exposure Draft on First-time Application of International Financial Reporting Standards that the Eurelectric Task Force on International Accounting Standards has regarded as appropriate.

Yours sincerely



Juan Antonio Hernández-Rubio
Chairman of the Task Force on International
Accounting Standards



Gerardo Herme
Co-ordinator of the Finance and
Economics Network

ED ON FIRST-TIME APPLICATION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS

- Q2. 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)?

Eurelectric believes that creating exemptions, "notably in specified areas where retrospective application is likely to cause undue cost or effort" is essential.

The Basis for Conclusions on this exposure draft refer to the qualitative characteristic of Comparability. Paragraphs BC15 and BC16 of these Basis for Conclusions say that this Exposure Draft does not give priority to ensuring comparability between a first-time adopter and entities that already apply IASs, as SIC-8 did. On the contrary, this Exposure Draft concentrates on achieving comparability over time within a first-time adopter's first IFRS financial statements and between different entities adopting IFRSs for the first time at a given date.

Therefore, comparability is an ongoing target. Eurelectric firmly supports the application of a single set of accounting standards for the sake of comparability among different entities and believes that in order to accomplish this target it is advisable to take a pragmatic, rational and not a dogmatic approach. This kind of approach calls for some exemptions.

The exemption related to Property, Plant and Equipment is particularly necessary. We do not agree with EFRAG's remark concerning the difficult interpretation of the "undue cost or effort" concept. The example provided in paragraph 16 gives guidance for the interpretation of this concept that may be of practical use. We disagree with EFRAG's recommendation of a high threshold to be required by the standard for this concept, so that "undue cost or effort" would have much the same meaning as "impracticable". In Eurelectric's view, such a high threshold would imply a practical elimination of an exemption that is absolutely necessary in the context of a process harmonising different accounting systems. As paragraph BC33 of the Basis for Conclusions we are dealing with a cost-benefit matter. If the reconstruction of IFRS-compliant costs exceeded the benefit to users the entity should measure the related items at their fair value, even though such reconstruction were not impracticable.

It is necessary to bear in mind that users of financial information will obtain more benefits from a smooth first-time application process than from an extremely stringent comparability between first-time adopters and entities already applying IFRSs.