

Dear

Please find below some comments to the Exposure Draft on First-Time Application.

Question 1

I would not call it a 'new basis of accounting' but a 'new basis of reporting'.

Rationale:

- It would make it more in line with to the concept of IFRS itself: the IASB is now also referring to reporting standards instead of accounting standards.

- Suppose a company that is preparing its opening B/S according IFRS as at 1 January 2003 and will publish interim financial statements in accordance with IFRS for the first time on figures as at 31 March 2004 (Q1 2004) with comparatives for Q1 2003. As from 2004 the company has fully converted to IFRS and is effectively using IFRS as its basis of accounting. However, in 2003 the company will still report under its former national GAAP; its accounting basis is in 2003 therefore still national GAAP (although it is accumulating the necessary data for presenting comparative information on 2004 figures when reporting under IFRS). In this case the date of transition is effectively 1 January 2003 although IFRS will really be the accounting basis only as from 2004.

Question 2

No comments

Question 3

No comments

Question 4 - other comments

Internally generated intangible assets

In my opinion, the ED and the related Draft Implementation Guidance are unclear on the treatment of internally generated intangible assets, in combination with S59 of IAS 38. The ED or the guidance should clarify whether the "previous annual financial statements or interim financial reports" as written in IAS 38.59 refers to previous financial statements or interim reports in accordance with IFRS or, possibly,

also to previous financial statements or interim reports in accordance with previous GAAP.

Suppose a company that did not capitalise development cost in its financial statements under previous GAAP. Its transition date is 1 January 2003 and the last financial statements prepared under previous GAAP are for the year ended 31 December 2003. The first financial statements under IFRS are for the year ended 31 December 2004 with comparative figures for 2003. In this case, can the company capitalise development expenditure in its first IFRS financial statements (costs incurred as from 1 January 2003), provided that it meets the recognition criteria and hence present capitalised development expenditure in the comparative figures for 2003? Or should costs only be capitalised as from 2004 onwards, on the basis that in the previous financial statements (i.e. the last financial statements under previous GAAP as at 31 December 2003) development expenditure was recognised as an expense?

Kind regards,

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