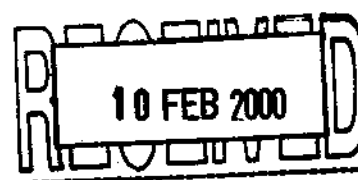


Belpstrasse 37
Postfach
CH-3000 Bern 14
Tel. +41 31 999 21 11
Fax +41 31 999 27 00
www.ascom.com

CL 51



Ascom Management Ltd., Belpstrasse 37, CH-3000 Bern 14

The Secretary General
International Accounting
Standards Committee
166 Fleet Street
GB – London EC4A 2DY

Our Ref.	Anton Sutter
Contact	+41 31 999 45 42
Direct Number	
Your Ref.	
Place, Date	Berne, February 9, 2000
Ref. No.	

Comment letter on E65 "Agriculture"

Dear Sirs

We thank you for the opportunity to provide our comments on the above mentioned Exposure Draft E65 "Agriculture".

Even though this Exposure Draft does not directly affect us, we still find it necessary to comment on the subject as follows:

General Remarks

First of all, it is an important IAS-Draft, since it is the second one that attempts to apply (i) a full fair value approach to non-financial assets with (ii) a direct recognition of all fair value changes in the income statement. We disagree with such measurement and recognition requirements as they do not reflect the interests of the users of financial reports.

We consider that fair value is not a reliable measurement method for most biological assets with the exception of commodities that are traded on the world markets. Even in that case, the traded items are not the immature commodities but the mature ones. How can the fluctuations of the latter be projected on the former? Furthermore, there are also biological assets that are not traded or that are traded on markets whose volumes are insignificant. Last but not least, the fair value might be influenced by natural disasters such as diseases, storms, frost etc. We therefore consider that biological assets should be measured at cost until the harvest and then at fair value, when a market price is available.

Even more, fair value will definitely create difficulties if all changes of fair values are directly recognised in the income statement. The fair value method originates from financial products, which have a relatively small default risk. Applied to biological assets, in many cases price risks and the harvest risk will result in unrealistic income statements. We also reaffirm our belief that realisation is an important criterion for the recognition of earnings and the continued drive to recognise unrealised gains as income can only lead to imprudent and unreliable financial statements.

Answers to specific questions**1. Scope**

We consider that the standard should not address the further processing (alternative a).

2. Fair value measurement

We disagree (see general comments).

3. Reliability of fair value measurement

We do not consider such measurement as reliable (see general comments).

4. Fair value changes in net profit or loss

Fair value changes should be carried to equity until the asset is sold and then recycled to the income statement (alternative b).

We disagree with the other alternatives.

5. Definition of fair value

(a) While it is correct that prices in an active market are a reliable measure, the problem is that such markets do not exist for all products.

(b) We disagree because adjustments of fair value would be based on arbitrary methods.

6. Agricultural land

We consider that IAS 16 should apply to such land (alternative a). We disagree with the other alternatives.

7. Government Grants

In the current context we agree that grants should be recognised as income immediately if they are unconditional. We recommend, however, that the Board considers a revision of IAS 20 on Government Grants.

8. Components of biological assets

We favour alternative (a) in as much as the disclosure requirements are limited to a narrative description. We disagree with the other alternatives.

9. and 10. Components of the changes in fair value and guidance thereon

We believe that the disclosure of the components of changes of fair value should be left up to the enterprises if they consider it as appropriate and that the standard should include no guidance thereon.

Page 3

11. Analysis of expenses

IAS 1 on Presentation of Financial Statements allows a presentation of the income statement either by nature or by functions. The future standard on agriculture should retain IAS 1's choices.

12. Disclosures in general

§ 64 (b) concerning a valuation by an independent appraiser and (c) about present value techniques are exaggerated.

13. Sensitivity Disclosures

We consider that such disclosures should not be required (alternative a).

14. Transition

We consider that IAS 8 should apply; we disagree with the other alternatives.

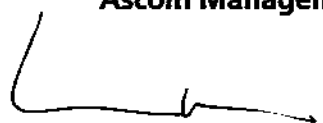
15. Matters not covered by specific questions

As stated under the general remarks, we disagree with the fair value approach adopted in this Exposure Draft.

We thank you for the opportunity of providing you with our comments and hope that they will be of help to you.

Yours sincerely

Ascom Management Ltd.



A. Sutter
Head Finance, Tax,
Real Estate



J. von Dach
Head Accounting,
Reporting, Taxes