

Poland
Polish Securities and Exchange Commission

RESPONSE TO THE CONSULTATION PAPER ON THE
DRAFT RECOMMENDATION FOR ADDITIONAL
GUIDANCE REGARDING THE TRANSITION TO IFRS
(Ref.: CESR/03-323b)

Question 1

Do you consider it useful that CESR Members provide recommendations to listed companies on how to disclose financial information to the markets during the phase of transition from local GAAP to IFRS?

Yes, we do. Although as stated in CESR Standard No. 1 on Financial Information – Enforcement of Standards on Financial Information in Europe (Principle 20 with comments) – bodies and authorities of particular countries will not provide listed companies with their interpretations of IFRS, as they are not empowered to do so.

Question 2

Do you agree that European listed companies should be encouraged to prepare the transition from local GAAP to IFRS as early as possible?

Yes, we do - provided that such a possibility is given in national regulations.

Question 3

Do you agree that those companies should also be encouraged to communicate about transition process? If yes, are the 4 milestones identified by CESR for such communication appropriate?

Yes, we do. In general, 4 milestones identified by CESR (disclosures regarding publication of 2003 financial statements, publication of 2004, 2005 interim information and 2005 annual financial statements) are appropriate for such communication.

Question 4

What are your views on encouragement to listed companies to disclose narrative information about their process of moving to IFRS and about the major identifiable differences in accounting policies this transition will bring about? Do you consider it appropriate to include such information in the 2003 annual report or in the notes to the 2003 financial statements?

We believe that such narrative information is useful and necessary. In our opinion it should be disclosed in the additional information (notes) to the 2003 financial statements.

Question 5

Do you believe that listed companies should be encouraged not to wait until beginning 2006 for communicating about the impact of the transition to IFRS on the 2004 financial statements if such information is available earlier? Do you agree that quantified information in this regard should be given as soon as possible?

Yes, we do. Also quantified information in this regard should be given as soon as possible. Listed companies in Poland have an obligation to disclose quantified information about the major identifiable differences in accounting policies between Polish GAAP and IFRS beginning from half year financial statements/ consolidated financial statements of 2004.

Question 6

Is it appropriate to refer to the Implementation Guidance published by IASB in connection with the IFRS1 for defining which quantified information should be disclosed as a result of the recommendations in § 11 and § 12? Do you believe other disclosures should be envisaged? Do you agree with inclusion of such information in the annual report or in the notes to the financial statements?

In our opinion it would be appropriate to refer not only to the Implementation Guidance on IFRS 1 but to the IFRS 1 itself. We believe that listed companies in their 2004 financial statements should be able to reveal any relevant narrative information regarding transition from national GAAP to IFRS and if the data are available – also quantified information. Polish listed companies will have to include this information in the introduction to the financial statement which is a part of the additional information.

Question 7

Do you agree with the principle that any interim financial information published as of 2005 by listed companies should be prepared using the accounting standards that are to be used by those companies for the 2005 year end financial reporting, i.e. IFRS, in the way indicated here under?

Yes, we do. Although, in our opinion full compliance with IAS 34 would be appropriate - listed companies should prepare their financial statements in full conformity with IFRS for all the periods of 2005.

Question 8

Do you agree that when listed companies do not elect to apply IAS 34 for quarterly information published in 2005, they should be encouraged to prepare and disclose financial data by applying IFRS recognition and measurement principles to be applicable at year end?

Yes, we do. We believe it would be essential for ensuring comparability with the annual financial data for the year 2005. However, in our opinion full compliance with IAS 34 would be appropriate.

Question 9

Do you agree with the proposed encouragement for European listed companies to either fully apply IAS 34 for half yearly reporting as from 2005 or, if this standard is not applied, to prepare the key half-year financial data that are to be published, in conformity with IFRS recognition and measurement principles to be applicable at year end?

We agree with the proposal that if IAS 34 is not applied, listed companies should prepare the key half-year financial data that are to be published, in conformity with IFRS recognition and measurement principles to be applicable at year end. In our opinion full compliance with IAS 34 would be appropriate. Polish listed companies are obliged to prepare half-year financial statements under Polish GAAP and most probably will be obliged to prepare half-year

consolidated financial statement in conformity with IFRS (also IAS 34) for the first half-year of 2005.

Question 10

CESR considered different possibilities for the presentation of comparative information for the corresponding period(s), but concluded that the above proposed solution could appropriately serve users of financial information without imposing too burdensome requirements on issuers. Do you concur with the proposed solutions? In particular, do you agree with the proposals that A) comparative figures should be provided and restated using the same accounting basis as for the current year; B) previously published information for the previous period may be provided again; C) explanation of restatement of comparative figures should be given; D) in case of presentation of financial statement over 3 successive periods the restatement of the first (earliest) period could not be required; E) indicative format („bridge approach”) for the presentation of comparative information on the face of the financial statements when the first period presented is not restated?

We agree with the CESR's proposed solution on presenting comparative information and with all proposals from A) to E).

As far as letter B) is concerned – we suggest that previously published information for the previous period could be given in the additional information (notes) to financial statements.

Furthermore, we would like to point out that the transition from national GAAP to IFRS can constrain changes in financial statements' layouts. Therefore we believe that it would be appropriate to present financial information under previous GAAP in the additional information to financial statements rather than in additional columns.

Question 11

Do you agree that, in addition to the presentation of comparative information in conformity with IFRS 1 (I.e. prepared on the basis of IFRS provisions), it could be deemed useful to present again the comparatives prepared on the basis of previously applicable accounting standards?

Yes, we do. However, in our opinion presentation of this information in the additional information to financial statements would be sufficient.

Question 12

Do you agree that, when the presentation of financial statements over 3 successive periods is required, it would be acceptable not to require restatement to IFRS of the first (earliest period)? If yes, do you agree that indicative format („bridge approach”) for the presentation of comparative information on the face of the financial statements when the first period presented is not restated?

Yes, we do. We also agree that indicative format of presenting comparative information would be appropriate. However, we see that there could appear some technical difficulties in presenting data under previous GAAP – please see answer to question 10.