LIBA

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Mr Fabrice Demarigny
Secretary General, CESR
11-13 Avenue de Friedland
75008 Paris
FRANCE

By email to secretariat@europefesco.org

Our Ref: ian/cesrtransition/ACC3

Dear M. Demarigny

Draft Recommendation for Additional Guidance Regarding the Transition to IFRS

I am writing on behalf of LIBA (the London Investment Banking Association) to comment on the Consultation Paper: Draft Recommendation for Additional Guidance regarding the transition to IFRS, which was published by CESR on 7 October 2003. LIBA is, as you know, the principal trade association for European and international investment banks and securities houses that conduct their European activities from London; a full list of our members is attached.

LIBA takes a keen interest in the EU Regulation and related developments, including the involvement of CESR. We have reviewed this latest Consultation Paper and would like to make a few high level observations, as well as commenting on selected points raised in the questions set out in the paper.

We see it as critical that the transition to IFRS through the application of the Regulation be as smooth as possible – for preparers, for auditors and for users of the financial statements. In that context, we support the provision of information regarding the likely impacts of the transition. However, we strongly believe that it is important to strike a balance between providing information as soon as possible and providing information that is robust and relevant.

More specifically, we have the following comments on certain of the issues raised in the paper:

- Given the current timetable for the finalisation and adoption of International Accounting Standards and IFRSs in Europe, we feel it is unrealistic to expect companies to provide any detailed quantified information in advance of 2005. We do however believe it would be appropriate for those companies that are mandated to follow the EU Regulation to provide prior to 2005 – either in their financial statements or elsewhere - at least narrative disclosure outlining the current status of their transition to IFRS. (See Questions 4 and 5).

- We believe that the IASB's own accounting standards, in particular IFRS 1, contain adequate requirements for quantitative disclosure of the impact of transitioning to IFRS. By following the accounting standards directly for the quantitative information, this also enables certain anomalies in the comparative requirements (largely arising from IAS 32 and IAS 39) to be taken into account and dealt with consistently in the financial statements. Consequently, we do not believe it is appropriate to present any comparative information in excess of that required by IFRS 1. On a related point, we do not believe it would be appropriate for CESR to refer to the Implementation Guidance on IFRS 1: this Guidance does not form part of the IFRS and should not be referred to by CESR Members in ways which might be seen to change that status. (See Question 6).

- We wholly agree that any interim reporting that relates to the first year for which an entity applies IFRS should be prepared on the same basis that will be used for year-end reporting. (See Questions 7 and 9).

Finally, we have seen the letter dated 14 November from the British Bankers' Association (BBA) containing their comments on the Consultation Paper, and would like to record our support for the additional points which are contained in that letter

I hope you will find these comments helpful. We would of course be very pleased to expand on any particular points if there are aspects which you find unclear, or where you would like further details of our views.

Yours faithfully

Ian Harrison

Ian Harrison
Director

LONDON INVESTMENT BANKING ASSOCIATION

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