



Foreningen af Statsautoriserede Revisorer

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26 November 2003

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Dear Sirs

Draft recommendation for additional guidance regarding the transition to IFRS

We welcome the opportunity to provide comments in the open hearing on the Draft recommendation on behalf of the Danish Institute of State Authorised Public Accountants (FSR).

FSR's Accounting Standards Committee has reviewed the draft recommendation and we have the following general comments.

Overall, we are supportive of the organisation's efforts to improve financial reporting for listed companies in the periods of transition to IFRS. We find that the reporting in compliance with the recommendations set up in the draft recommendation - from an investor perspective - would be the benchmark presentation of the transition to IFRS.

However, we share the concerns expressed by FEE in their comment letter regarding which authorities should set up accounting rules. We do for example find that detailed disclosure recommendations for "Bridge accounting" as an addition to the detailed requirements set up in IFRS 1 makes things unnecessarily complex.

A scenario where a stock exchange chooses to implement the recommendations as requirements concerns us. It is our impression that for most European listed companies, the transition to IFRS is very resource demanding. One of the largest challenges at the moment is that IASB has not yet established the so-called "stable platform", and further, the EU endorsement process is not expected to be completed until Q4 2004. Disclosing figures now could be misleading, and further setting up supplementary disclosure requirements in this situation would be very burdensome.

We are concerned whether communication about the transition process is in fact of benefit to the users of financial statements. Too "bad" descriptions could cause unnecessary uncertainty among investors, and on the other side, too "good" descriptions could have the opposite effect. As previously stated, because of the lack of the "Stable platform" and the uncompleted endorsement process by the end of 2003, we are concerned about setting up recommendations

for 2003. We find that the recommendation should be limited to an indication of date of transition and an indication of when interim financial statements will be prepared under IFRS.

In general we find the recommendations for displaying the impact on the financial figures appropriate, but still extensive. We support that use of IAS 34 in 2005 should not be mandatory because this would require extensive reconciliation.

We support the recommendation that listed companies should not wait until 2006 to report the impact. However, because of the confusion it would cause if the outlook statements for 2005 were based on old/local GAAP and the final figures were based on IFRS, we hardly find it probable that any listed company would wait until 2006.

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If you have questions to the above, please do not hesitate to contact us.

Yours sincerely

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Standards Committee

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