

February 15, 2002

The Secretary-General
International Accounting Standards Boards
30 Cannon Street, London EC4M 6XH
United Kingdom

Dear Sir:

This letter responds to the International Accounting Standards Board (IASB) Exposure Draft of a Proposed Preface to International Financial Reporting Standards (the Proposed Preface). On behalf of the Korea Accounting Standards Board (KASB), I commend the IASB for its continuing efforts to improve international accounting standards and appreciate the opportunity to comment on the Proposed Preface.

The comments addressed in this letter have been developed by the International Accounting Standards Review Committee (IASRC) of the KASB and does not represent an official position of the KASB. Official positions of the KASB are determined only after extensive due process and deliberation to which this letter has not been subjected.

The remainder of this letter provides the IASRC's comments on questions (number 1 through 4) raised in the Proposed Preface.

Question 1. Is the Board's proposed scope clearly defined and appropriate?

The IASRC believes that the IASB's proposed scope described in paragraph 9 is clearly defined and appropriate.

Question 2. Do you agree with the proposals stated in paragraph 14? Why or Why not?

The IASRC supports the IASB's decision to discontinue the use of different type style to

distinguish principles from explanations. The IASRC generally agrees with the IASB's

concern about possible misunderstanding that the bold italic type paragraphs have higher authority than the plain type paragraphs. Additionally, it may not be easy to clearly distinguish principles from explanations in some cases.

Question 3. Are the Board's proposals on due process appropriate? Are any proposed steps unnecessary? Are there additional steps that should be incorporated?

The IASRC believes that the proposed due processes to set out the IFRS and its interpretations are generally appropriate to develop the high quality standards as stated in the objective of the IASB. However, to guarantee IFRIC's consistency with IFRS, the IASRC recommends that the IFRIC provides the list of most closely relevant IFRS and other grounds within the IASB's existing position in relation to any interpretation or guidance on the issues not specifically addressed in IFRS.

Question 4. Are there any other matters that should be addressed in the Preface to IFRS?

The IASRC has made the following additional observations in the Proposed Preface:

Paragraph 2

If the IFRIC's role is going to be expanded beyond the interpretation of existing standard to provide guidance on the issues not specifically addressed in IFRS as set out in the Proposed Changes in the IASC Constitution related to the SIC, the IASRC suggests the IASB to clearly address its intention in the Preface as well.

Paragraph 6 and 24

To accomplish convergence of national accounting standards and IFRS, some national standards setters would be willing to incorporate IFRS as a minimum requirement in its standard setting

activities. However, the accounting standards of a nation may not be exactly the same as the translated IFRS and only a part of translated IFRS is selectively incorporated into the standards.

Thus, the IASRC believes that the IASB need to address how a national standards setter whose main language is not English adopts IFRS in case IFRS is not wholly or directly translated. If any formality, such as a license agreement, is required, it should be addressed clearly.

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Again, thank you for the opportunity to comment on the Proposed Preface. The IASRC is willing to address any questions or concerns with regard to the above comments at your convenience. Such should be forwarded to Jaewon Yoon, KASB staff at jwyst1@kasb.or.kr.

Sincerely,

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Kyung-Ho Kim
Chairman, International Accounting Standards Review Committee
Vice Chairman, Korea Accounting Standards Board