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Patrina Buchanan
Project Manager
International Accounting Standards Board
30 Cannon Street
London EC4M 6XH
United Kingdom

Re: Proposed amendments to IAS 21

Dear Patrina,

We are pleased to provide our comments on the above draft Technical Correction.

In the attached Appendix we have noted our concerns as to some aspects of the proposed amendments and our responses to the specific matters on which comment was requested.

We appreciate the opportunity to provide our comments. Should you wish to discuss them further please contact me on at the address above or on (00) 34 91 584 23 69.

Yours sincerely,

Marta Soto

Question 1 – *Do you agree with the proposals in this draft Technical Correction? If not, why not? What changes do you propose and why?*

Answer.

We agree with the proposal.

Question 2 – *Do you have any other comments on the proposals?*

Answer.

We have additional comments which are related to the same issue, i.e. monetary items regarded as part of the entity's net investment in a foreign operation.

Our comment relates to the potential consequence of a subsequent decision to settle the monetary item in a foreseeable future.

IAS 21.15 allows a monetary item for which settlement is neither planned, nor likely to occur in the foreseeable future, to be regarded as part of an entity's net investment in a foreign operation. This requirement is open to the interpretation that exchange differences on a monetary item previously regarded as part of a net investment in a foreign operation should be recognised in the income statement from the date of a *decision* to settle the monetary item in a foreseeable future as opposed to the date of the disposal of the net investment itself, thereby resulting in the possibility of exchange rate differences being recorded in the income statement whilst exchange differences on the net investment continue to be recorded in equity. This interpretation clearly removes the consistency of treatment of an equity investment. We believe that it is more appropriate, providing the monetary item has, at the outset, been properly determined as a component of the net investment to continue to regard the monetary item as an equity equivalent up until the date of disposal, regardless of any advance decision to sell.

We believe that this issue should be clarified in the proposed amendments to IAS 21.