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International Accounting Standards Board
30 Cannon Street
London
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Re: Comments re. Amendments to IAS 21

Paragraph 37 - Since the comparatives remain those that were presented last year, exchange differences arise. A reconciliation should be presented for all items of capital and for items such as investments and fixed assets, etc, (items that under other IAS's the movements in these during the year are required to be presented in the notes or otherwise disclosed), showing the difference between the closing balances presented in the comparative statement and the opening balances as presented in the current statement.

Paragraph 39(b) - This sub-paragraph should be deleted, the exchange differences arising from a net investment in a foreign operation are dealt with in paragraph 43 and 30, when dealing with the translation into the functional currency. While here, dealing with the translation of the statements of the reporting entity from the functional currency into the presentation currency, no additional exchange differences arise in this step of the translation.

Paragraph 40(b) - Since the entity is operating in a hyperinflationary economy and its comparatives are restated under IAS 29, it is preferable, in many opinions, to apply also in this case the same accounting treatment as is in 40(a), and thereby, avoiding the exchange differences as abovementioned (relating paragraph 37). Also, it seems to me that this treatment is logically more consistent with IAS 29.

Paragraph 44. This paragraph requires to translate the balances of the foreign operation at the exchange rate at the balance sheet date of the foreign operation if the date differs from that of the parent. In my opinion the consolidation of balances relating to a different date (provided the difference does not exceed three months) notionally implies that those balances exist at the balance sheet date of the parent (or the investor). This is also the reason why adjustments are made for the effects of any significant transactions that occur between the reporting dates. It follows therefore consistently that the translation should be at the rate prevailing at the balance sheet date of the parent. This treatment seems preferable to the treatment prescribed in the paragraph and requiring adjustments for significant movements in the exchange rate in the interim period. This requirement itself implies that the rate should be that at the date of the balance sheet of the parent. So instead of making adjustments for some movements (which requirement in itself is problematic and unclear), why not be consistent and translate at the rate at the date of the parent and no adjustments are needed.

IAS27 (and 28)

Paragraph 29 separate financial statements. It is my opinion that an entity cannot show two sets of statements showing different sums of profit and different sums of capital. Which of them presents fairly capital and profits? Therefore the separate statements should present the investments by the equity method.

If my opinion is not accepted I would add two additional points: 1) The equity basis of presentation of the investments should at least be an allowed treatment in the separate financial statement. (The last sentence in para 30A does not preclude the equity method. An investor's interest in a subsidiary or in an associate is best presented by the equity method). 2) Clarification should be made as to the requirements of elimination of intragroup profits (para 17, IAS 27 and para 16B, IAS28) in the separate statements. In my opinion the answer should be affirmative.

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